

MEBA 401(k) Plan
Summary Plan Description

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Introduction

If you have any questions about the MEBA 401(k) Plan, your participation in it, or this Handbook, please contact the Plan Office in Baltimore.

How many times have you considered putting money aside for your retirement, but thought you couldn't afford to? This Handbook will show you how easy it is to save for your future through the MEBA 401(k) Plan.

The MEBA 401(k) Plan lets you make contributions on a pre-tax basis through convenient payroll deductions. Your contributions and any investment earnings are not taxed until you receive them from the Plan.

You can choose from among various options in which to invest the money in your MEBA 401(k) Plan account. Invest in one fund or in a combination of several funds, whatever best suits your personal investment goals. You can change the amount you contribute and your investment option choices.

About This Handbook

A New Format

This Handbook is in a new format which is quite different from how your Summary Plan Description looked before. The old Summary Plan Description covered most of the minute details of your 401(k) Plan, which may have made it harder to read than you would have liked. This new Handbook covers only the major provisions of your Plan, which should make it easier to read. Because of this, certain details that were in the old Summary Plan Description are omitted from this Handbook.

Please be assured that NONE of your 401(k) benefits have been taken away just because they are not covered in this Handbook. All your 401(k) benefits are still set forth in the actual 401(k) Plan Regulations (which are reproduced at the back of this Handbook and at www.mebaplans.org). It's just that in the interest of giving you an easier to read Handbook, not all of the details are covered.

Please understand that no general explanation can adequately provide all of the details of the 401(k) Plan. Therefore, this Handbook does not change or otherwise interpret the terms of the official 401(k) Plan documents, such as the Trust Agreement or the Regulations. Your rights can be determined only by referring to these official documents, which are available for your inspection as described in the Administrative Information section of this Handbook. Please note that nobody other than the Board of Trustees has any authority to interpret the 401(k) Plan Regulations (or other official Plan documents) or to make any promises to you about your benefits. If you have any questions about your benefits, do not rely on anyone's oral advice, but write to the Plan Office and you will receive a written reply to your inquiry.

How To Contribute to the MEBA 401(k) Plan

This Handbook itself does not override the 401(k) Plan Regulations. Only the Regulations (which are reproduced at the back of this Handbook and at www.mebaplans.org) and the other official Plan documents govern the operation of the 401(k) Plan and the benefits to which you may be entitled. This Handbook is supplied solely for the purpose of assisting you in comprehending the scope and meaning of the Plan, not to replace or amend it.

If any of the information contained in this Handbook is inconsistent with the official 401(k) Plan documents, the provisions of the official documents will govern in all cases. The Board of Trustees reserves the right to amend, modify or terminate the 401(k) Plan and the Regulations (in whole or in part) at any time and from time to time.

Who is Eligible

You are eligible to contribute to the MEBA 401(k) Plan as soon as you begin work in a position covered by a collective bargaining agreement between an employer and District No. 1-PCD, MEBA (the "Union") that provides for participation in the 401(k) Plan. You are also eligible to contribute if you work for an employer that does not have a collective bargaining agreement with the Union, but that has adopted the 401(k) Plan for its employees with the permission of the Board of Trustees. The Plan Office can tell you if your employer has adopted the 401(k) Plan.

You can sign up to start contributing:

- ~~if~~ if you are a sailing employee, as of the start of any voyage, or
- ~~if~~ if you are a non-sailing employee, as of the first day of a pay period.

How To Contribute

You may sign up to contribute to the Plan at any time after you become eligible. To do so, ask your employer for an MEBA – 401(k) Plan Enrollment/Election Form. You can also request an Enrollment/Election Form from the Plan Office. If you are a sailing employee, you must complete a new form for each voyage and submit it at the start of the voyage.

If you are a non-sailing employee, you only have to complete and submit a form when you first start contributing to the Plan and it will stay in effect so long as you remain a non-sailing employee of the same employer. You must submit a new form if you change employers.

The Enrollment/Election Form must be submitted to both your employer's payroll department and to the Plan Office. Your employer deducts your contributions from your pay and forwards them to the Plan Office. The Plan Office then transmits your contributions to Fidelity Institutional Retirement Services Company for investment in your 401(k) account.

You can only contribute by payroll deduction. You cannot contribute by personal check or in any other manner.

Naming A Beneficiary

When you first contribute to the Plan, you need to name a beneficiary to whom your account balance will be paid if you die before your account balance is fully paid out to you. You may download a Beneficiary Designation Form from the MEBA Benefit Plans website at www.mebaplans.org, or you may request one from the Plan Office. You must file an original Beneficiary Designation Form with the Plan Office – faxed or emailed Forms are *not* acceptable.

If you are single, you may name anyone you wish as your beneficiary, and you may change your beneficiary at any time. If you are married, your spouse is automatically your beneficiary. If you want to name someone else as your beneficiary, your spouse must consent on your Beneficiary

If you don't have a valid Beneficiary Designation Form on file with the Plan Office when you die, or if your designated beneficiary can't be located, your 401(k) account will be paid in the following order of precedence:

- ?? *your spouse*
- ?? *your children in equal shares*
- ?? *your named beneficiary under the MEBA Medical and Benefits Plan, or*
- ?? *your estate.*

Your Contributions

In general, "earnings" means total cash compensation you receive from your employer, including overtime, bonuses, premium pay, penalty time pay, etc. Earnings does not include payments from the MEBA Vacation Plan, Port Relief or Night Relief Pay, meal money, travel expenses or lodging. The Internal Revenue Service prohibits making 401(k) contributions from the MEBA Vacation Plan.

Designation Form and your spouse's signature must be notarized.

How Much You Can Contribute

You may contribute a specified dollar amount or any whole percentage of your earnings to the MEBA 401(k) Plan, up to the annual maximum contribution dollar amount. (There is no longer a percentage limit on your contributions.)

If you are under age 50, the annual maximum contribution is \$11,000 for calendar year 2002. The annual maximum contribution for persons under age 50 increases in future years as follows:

2003	\$12,000
2004	\$13,000
2005	\$14,000
2006	\$15,000

If you are age 50 or older, the annual maximum contribution is \$12,000 for calendar year 2002. The annual maximum contribution for persons age 50 and older increases in future years as follows:

2003	\$14,000
2004	\$16,000
2005	\$18,000
2006	\$20,000

The annual maximum contribution is adjusted for inflation starting in 2007. The annual maximum is set by Congress, which may change the maximum from the amounts shown above.

If your contributions reach the annual maximum during a calendar year, your contributions will stop for the remainder of the year. If you are a non-sailing employee and you have not changed employers, they will automatically resume at the beginning of the next calendar year. If you are a sailing employee, they will

only resume if you are still on the same voyage you were on when contributions stopped. Otherwise, contributions will not resume

Rollover Contributions

The MEBA 401(k) Plan does not accept rollovers from a former employer's qualified plan or from an IRA. If you wish to do a rollover, you must do it to your IRA.

until you submit a new MEBA – 401(k) Plan Enrollment/Election Form.

If You Contribute to More than One 401(k) Plan

If you contribute to both the MEBA 401(k) Plan and to a different 401(k) plan during the same calendar year, your combined contributions for the year to both plans can't exceed the annual maximum contribution shown above. Any contributions you make above the annual maximum contribution must be included in your taxable income when you prepare your tax return.

If your combined contributions for any calendar year exceed the annual maximum contribution, you must notify the MEBA Plan Office in writing no later than March 1 of the following year. If you give notice on time, your "excess" contributions above the annual maximum contribution will be returned to you by April 15. Any earnings on your excess contributions will also be returned to you and will be considered additional taxable income for the year in which they are returned. If you do not give notice by March 1, your excess contributions become part of your Plan account balance and can only be paid to you under the normal Plan distribution rules. However, not only will your excess contributions be taxable income for the year you contributed them, they will also be taxable income and will be taxed again when they are paid to you.

Highly Compensated Employees

The 401(k) Plan is subject to non-discrimination rules under the Internal Revenue Code that might reduce the annual maximum contribution that can be made by certain highly compensated employees. You will be

notified in the unlikely
event these rules
require a reduction in
your contributions.

Changing or Stopping Your Contributions

If you are a sailing employee, you may change your contribution amount each time you start a voyage and fill out a new MEBA – 401(k) Plan Enrollment/Election Form. To stop contributing entirely, simply do not submit a new Enrollment/Election Form.

If you are a non-sailing employee, you may change or stop your contribution amount at the times permitted by your employer. Contact your employer's payroll department for details. To change or stop, you must submit a new MEBA – 401(k) Plan Enrollment/Election Form to your employer's payroll department.

Military Service

If you leave employment covered by the MEBA 401(k) Plan to serve in the US military, and later return to covered employment with reemployment rights as a veteran under federal law, you will be permitted to "make up" the contributions you could have made had you not been in military service. Your make up contributions must be made during a period of time beginning after reemployment which is equal to three times the length of your military service (but not longer than five years). Your make up contributions cannot exceed the annual maximum contributions you could have made while you were in military service. Your make up contributions are in addition to any regular contributions you otherwise make after reemployment, and do not count against the annual maximum contribution for years after reemployment.

If you return from military service, be sure to contact the Plan Office as soon as possible for more details on your make up contribution rights.

Vesting

You are always 100% vested in all your contributions and earnings under the MEBA 401(k) Plan.

Investing Your MEBA 401(k) Plan Account

*The Trustees of the 401(k)
Plan regularly review the
investment options and may
change them at any time.*

*You can also obtain
prospectuses and more
information at Fidelity's
website at www.401k.com.*

Your Investment Options

You choose how to invest the money in your MEBA 401(k) Plan account. You can currently choose among the following Fidelity mutual funds:

- ~~///~~ Retirement Government Money Market Portfolio
- ~~///~~ Ginnie Mae Fund
- ~~///~~ Growth & Income Portfolio
- ~~///~~ Magellan Fund
- ~~///~~ Short Term Bond Fund
- ~~///~~ Fidelity Fund
- ~~///~~ Contrafund
- ~~///~~ OTC Portfolio
- ~~///~~ International Growth & Income Fund

The Fidelity Funds in the 401(k) Plan are all no load funds (although there is a short term trading fee in the International Growth and Income Fund). However, Fidelity charges a \$10 per year fee for administering your 401(k) account, which is deducted from your account. The fee is not affected by the number of mutual funds you invest in.

You may invest your 401(k) contributions in a single mutual fund -- or you may divide your contributions among any combination of funds in whole percentages that total 100%. Indicate the percentage you want to invest in each fund on your Enrollment/Election Form. If the percentages you indicate do not total 100%, the Form will be returned to you for correction. Until you submit a corrected Form, all of your contributions will be invested in the FMMT Retirement Government Money Market Fund.

Before you make your investment decision, you should request and carefully review each fund's prospectus. Prospectuses are available by contacting Fidelity at 1-800-835-5092.

Fidelity Mutual Funds

Here is a brief description of the Fidelity mutual funds currently available. More detailed information is available at Fidelity's website or by calling Fidelity.

Retirement Government Money Market Portfolio

Ginnie Mae Fund

Growth & Income Portfolio

For daily information about fund performance, you can check the mutual fund listings in the business section of most newspapers, visit Fidelity's website or call Fidelity directly at the number above. Fidelity will send you a quarterly statement of your 401(k) account which shows your contributions, investment gains or losses, account activity and market value account which shows your contributions, investment gains or losses, account activity and market value of the mutual funds at the end of the quarter.

The Retirement Government Money Market Portfolio seeks as high a level of current income as is consistent with the preservation of principal and liquidity. It normally invests at least 80% of its assets in U.S. government securities and repurchase agreements for those securities. The Fund's yield will fluctuate. While the Fund seeks to maintain a constant share price, there is no guaranty that it will be able to do so and it is possible to lose money by investing in this Fund. The Fund is not insured by the U.S. government.

The Ginnie Mae Fund seeks a high level of current income by normally investing at least 65% of its assets in securities issued by the Government National Mortgage Association. Assets not invested in Ginnie Maes may be invested in other U.S. Government securities or instruments related to U.S. Government securities. The Fund itself is not guaranteed by the U.S. government. Mortgage securities are subject to prepayment risk and generally offer less potential for gains as interest rates fall. The Fund's share price, yield and return will fluctuate.

The Fund seeks a high total return through a combination of current income and capital appreciation. It normally invests a majority of its assets in common stocks with a focus on those that pay current dividends and show potential for capital

appreciation. The Fund may potentially invest in bonds including lower quality debt securities, as well as stocks that are not currently paying dividends but that offer prospects for future income or capital appreciation. Investments in lower rated securities involve greater risk than other debt securities including the risk of default. The Fund may invest in securities of domestic and foreign issuers. The Fund's share price and return will fluctuate.

Magellan Fund

The Magellan Fund is a growth fund that seeks capital appreciation. The Fund may invest in securities of domestic and foreign issuers. The Fund may invest in "growth" or "value" stocks or both. Not more than 40% of the Fund's assets may be invested in companies operating exclusively in any one foreign country. The Fund's share price and return will fluctuate.

Short-Term Bond Fund

The Short-Term Bond Fund seeks a high level of current income that is consistent with the preservation of capital. The Fund normally invests at least 80% of its assets in investment grade bonds and repurchase agreements for those bonds. The Fund will normally maintain a dollar weighted average maturity of three years or less. The Fund's share price, yield and return will fluctuate.

Fidelity Fund

The Fidelity Fund is a growth and income fund that seeks long term capital appreciation. The Fund normally invests primarily in common stocks. The Fund may potentially invest a portion of its assets in bonds, including lower quality debt securities. The fund may invest in securities of domestic and foreign issuers. The Fund's share price and return will fluctuate.

Contrafund

The Contrafund is a growth fund that seeks capital appreciation. The Fund may invest in securities of domestic and foreign issuers. The Fund invests in securities of companies whose value the manager

believes is not fully recognized by the public. The Fund may invest in "growth" or "value" stocks or

OTC Portfolio

both. The Fund's share price and return will fluctuate.

The OTC Portfolio is an aggressive growth fund that seeks capital appreciation by investing primarily in common stocks. The Fund normally invests at least 80%* of total assets in securities principally traded on the NASDAQ or over-the-counter (OTC) market. The OTC market has more small and medium-sized companies than other markets. The Fund may potentially invest in non-OTC securities. The Fund will invest more than 25% of its assets in the technology sector. The Fund is considered to be non-diversified and can invest a greater portion of assets in securities of individual issuers than a diversified fund might, which may cause greater share price fluctuation. The Fund may invest in securities of domestic and foreign issuers. Securities traded on the OTC market tend to be from smaller or newer companies which generally involve greater investment risk than investments in larger, well known companies. The Fund's share price and return will fluctuate.

International Growth & Income Fund

The Fund seeks capital appreciation and current income by investing primarily in foreign securities. The Fund normally invests a majority of its assets in common stocks with a focus on those that pay current dividends and show potential for capital appreciation.

The Fund may potentially invest in debt securities including lower quality debt securities. Foreign investments, especially those in emerging markets, involve greater risks and may offer greater potential returns than U.S. investments. These risks include political and economic uncertainties of foreign countries, as well as the risk of currency fluctuations. The Fund carries a short term trading fee, which is charged to discourage short term buying and selling of Fund shares. If you sell your shares after holding them for less than 30 days, the Fund will deduct a short term trading fee from your account equal to 1.00% of the

value of the shares
you sold. The
Fund's share price
and return will
fluctuate.

Changing Your Investment Options

If you are outside the US and you need to call Fidelity, a list of phone numbers from any country can be found thru the Fidelity website at www.401k.com.

Using the Participant Services Center is simple. Its step-by-step voice instructions will guide you.

Your Enrollment/Election Form is only used to make your first investment option election. Any changes in how you want future contributions to be invested, or in how you want to invest money already in your account, may only be made by calling Fidelity at 1-800-835-5092. The Fund Office cannot make changes in your investment options for you. You may change your investment options at any time.

Changes may be made in percentages or whole dollar amounts. For example, you could elect to transfer 10%, 25%, 40%, etc., or a specified whole dollar amount from one mutual fund to one of the other mutual funds.

You may transfer existing account balances to or from any of the available Fidelity mutual funds on any business day between 8:30 a.m. and 8:00 p.m. (Eastern time). If you call before 4:00 p.m. (Eastern time), the transfer will take effect on the day you call. If you call after 4:00 p.m. (Eastern time), the transfer will take effect on the first business day after your call. The closing prices of the funds on the day the transfer takes effect determine the exact amounts transferred. Fidelity will mail a written confirmation of the transfer within five business days.

Fidelity Participant Services Center

Information about your 401(k) Plan account balance and investment options is available 24 hours a day, seven days a week by calling Fidelity's automated Participant Services Center at 1-800-835-5092. You can change investment options any business day between 8:30 a.m. and 8:00 p.m. (Eastern time) electronically by using the speech recognition system or the touch tone system. You will be advised to enter your social security number and your personal identification number ("PIN"). If you have not established a PIN, you will be instructed, step by step, on how to establish one.

If you wish to change investment options, either system will advise you to enter the Fidelity Fund Code Number. These numbers are:

<u>FUND</u>	<u>CODE NUMBER</u>
Retirement Government Money Market Portfolio	0631
Ginnie Mae Fund	0015
Growth & Income Portfolio	0027
Magellan Fund	0021
Short-Term Bond Fund	0450
Fidelity Fund	0003
Contrafund	0022
OTC Portfolio	0093
International Growth & Income Fund	0305

If you prefer, you can speak to a Service Representative any business day during the same hours, from 8:30 a.m. to 8:00 p.m. (Eastern time), for assistance with any service by calling the toll-free number, 1-800-835-5092.

You can call the Center to do any of the following:

- Change Investment Options
- Check Current Investment Option Elections
- Check Account Change History
- Check Pending Changes
- Check Account Balances
- Obtain Prices and Yields
- Establish or change your Personal Identification Number (PIN)
- Request a Prospectus

**Compliance
with
Section
404(c) of
ERISA**

The MEBA 401(k) Plan is intended to be an ERISA Section 404(c) plan, which allows you to control the investment of the money in your 401(k) account. The MEBA 401(k) Plan Trustees make the investment options described above available to you. However, the Trustees do not make any recommendation about which investment option you should pick.

The information in this Summary Plan Description about the Fidelity mutual funds is provided not as investment advice, but only to help you understand the investment options available to you. By providing you with this general information, the Trustees do not suggest any particular investment strategy for you nor can they guaranty that your investments will be successful. Past performance of the funds is not a guarantee of future results.

Your individual needs and tolerance for risk are specific to your situation, and therefore only you can decide which investments are best for you. Remember, all investments carry some degree of risk. There are no “absolutely safe” investments. The fiduciaries of the Plan are not liable for losses caused by your investment decisions.

Understanding Taxes

Keep in mind that you are postponing, not avoiding, paying income taxes on your contributions to the MEBA 401(k) Plan. When you receive a withdrawal or distribution from the Plan, it will be taxable income unless you roll it over to an IRA or another plan.

Even though your contributions to the MEBA 401(k) Plan are income tax free, you still have to pay Social Security taxes on your contributions. Note – some states may impose state income tax on your contributions.

Important Note: *Contributing to the 401(k) Plan doesn't reduce your other pay related benefits (such as your pension plan). These benefits are based on your pay before your contributions to the Plan are deducted.*

Advantages of Pre-Tax Contributions

Your contributions to the Plan are made with pre-tax dollars. Each dollar you contribute lowers your taxable income, so you end up lowering the amount of income tax that you currently pay.

Here's an example of how saving with pre-tax contributions affects your take home pay, when compared to saving on an after-tax basis. Let's say you:

- ~~///~~ are single;
- ~~///~~ earn \$60,000 per year;
- ~~///~~ contribute 6% to the Plan; and
- ~~///~~ take the standard deduction.

Here's the difference (using 2001 tax rates) between saving with pre-tax contributions to the Plan compared with after-tax saving on your own:

	After-Tax Saving	Pre-Tax Contributions
Annual Compensation	\$60,000	\$60,000
Personal Exemption	- (2,900)	- (2,900)
Standard Deduction	- (4,550)	- (4,550)
6% Pre-Tax Contribution	- <u>0</u>	- <u>(3,600)</u>
Taxable Income	52,500	48,950
Federal Income Tax	- <u>(11,063)</u>	- <u>(10,087)</u>
Income after taxes	41,437	38,863
After-Tax Savings	- <u>(3,600)</u>	- <u>0</u>
Disposable	\$37,837	\$38,863

Tax Deferral on Investment Earnings

Your contributions, as well as any investment earnings, are not taxed for as long as they remain in the Plan. This results in increased savings because the money that would have gone toward paying taxes stays in your account where it can continue to grow.

When Income Taxes Are Due

Whenever you take a withdrawal or receive a distribution from the Plan, you must pay income tax on the amount you receive (unless you do a rollover to another plan or IRA). If you take a withdrawal or receive a distribution before age 59½, a 10% penalty tax is also owed, unless an exception applies as discussed below.

20% Withholding Tax

Practically all withdrawals and distributions from the Plan are subject to mandatory 20% federal income tax withholding, unless they are directly rolled over to an IRA or tax-qualified retirement plan (see Direct Rollover Election below). (Installment payments over 120 months are subject to a different withholding rule.) This does not mean withdrawals and distributions are taxed at 20%. Rather, withdrawals and distributions are added to your other taxable income (unless rolled over) and are subject to whatever tax rate applies to your total taxable income. Just like with wage withholding, the 20% that is withheld from a withdrawal or distribution is credited against your tax liability when you file your tax return.

10% Penalty Tax

If you take a withdrawal or receive a distribution from the Plan, you have to pay a 10% penalty tax -- in addition to income tax -- **unless**:

- ~~///~~ you are at least age 59½;
- ~~///~~ you are disabled (as defined in the Internal Revenue Code, not the MEBA Pension Trust);
- ~~///~~ you terminate employment after age 55 and receive a distribution after terminating employment;
- ~~///~~ your beneficiary receives a distribution after your death;
- ~~///~~ the distribution is made to an “alternate payee” (e.g., a former spouse) under a Qualified Domestic Relations Order (QDRO);
- ~~///~~ the withdrawal or distribution does not exceed the amount of your *tax-deductible* medical expenses in the year received (regardless of whether you itemize deductions); or
- ~~///~~ you roll over the distribution to another tax-qualified retirement plan or an IRA within 60 days.

Important Note: *The rules governing income tax consequences of withdrawals and distributions from plans like the 401(k) Plan are complex. The discussion in this Handbook is intended only to highlight some general tax information. You should consult a professional tax advisor on matters pertaining to tax laws and how they affect you.*

The 10% penalty tax is not withheld from your withdrawal or distribution. You must pay the penalty tax when you file your federal income tax return.

Withdrawals and Distributions from Your 401(k) Account

Hardship Withdrawals

You may take a Hardship Withdrawal from your contributions to the Plan (but not from investment earnings) at any time if you need to use the money due to a bona fide immediate and heavy financial need. The amount of your Hardship Withdrawal is limited to the amount of the financial need, plus income and penalty taxes on the amount withdrawn.

A bona fide immediate and heavy financial need is money you need to pay:

- ~~///~~ certain unreimbursed medical expenses incurred by you, your spouse or your eligible dependents;
- ~~///~~ costs directly related to the purchase of your principal residence (excluding mortgage payments);
- ~~///~~ tuition, room and board and related educational fees for the next 12 months of post-secondary education for you, your spouse or your eligible dependents;
- ~~///~~ amounts necessary to prevent eviction from your principal residence or foreclosure on the mortgage on your principal residence; and
- ~~///~~ other expenses that the IRS declares are eligible for a withdrawal.

You may only take one Hardship Withdrawal in any 12 consecutive month period. You may not take a Hardship Withdrawal if you are eligible to take any other kind of withdrawal, distribution or loan from this or any other plan you participate in. The minimum Hardship Withdrawal amount is \$1,000 (or your entire account balance, if less). All Hardship Withdrawals over \$1,000 must be in \$100 increments.

If you take a Hardship Withdrawal, your contributions to the Plan will be suspended for six months after the Withdrawal.

A Hardship Withdrawal is taken from your investment options in the following order:

- ~~///~~ FMMT Retirement Government Money Market Fund
- ~~///~~ Ginnie Mae Fund
- ~~///~~ Short Term Bond Fund
- ~~///~~ Fidelity Fund
- ~~///~~ Growth and Income Fund
- ~~///~~ Magellan Fund
- ~~///~~ OTC Portfolio Fund
- ~~///~~ Contrafund
- ~~///~~ International Growth and Income Fund

Age 59 ½ Withdrawals

You can only take one Age 59 ½ Withdrawal in any 12 consecutive month period.

You can take an Age 59 ½ Withdrawal at any time after you reach age 59 ½, even if you are still working. An Age 59 ½ Withdrawal must be for your entire account balance.

Applying for a Withdrawal

To apply for a Hardship Withdrawal or an Age 59 ½ Withdrawal, contact the Plan Office and ask for an In-Service Withdrawal Form. You can also contact the Fidelity Participant Services Center and ask for a Hardship Withdrawal Application Form. In either case, complete the Form and submit it directly to the Plan Office – do not send it to Fidelity.

The Plan Office will process your application, obtain the amount you are eligible to withdraw from Fidelity, and send you a check (less any applicable withholding taxes – see below).

Distribution of Your 401(k) Account

In addition to taking a Hardship or Age 59 ½ Withdrawal as explained above, your 401(k) account balance can be paid to you when:

- ~~///~~ You are eligible to receive pension payments under the MEBA Pension Trust (the Deep Sea Plan) or the District No. 1–PCD, MEBA Pension Plan (the Staff Plan), or you reach the 401(k) Plan’s normal retirement age of 65; If you are covered by the Deep Sea Plan, either (1) you “retire” as defined in the Pension Trust Regulations, or (2) you terminate employment with all contributing employers, are not vested in any Deep Sea Plan benefit and have not worked in Covered Employment for three years;
- ~~///~~ If you are covered by the Staff Plan, you terminate employment with your employer and complete taking any unused vacation.

“Covered Employment” is employment with a participating Employer and vacation time for which you receive benefits from the MEBA Vacation Plan.

You may take a distribution of your 401(k) account when you are first eligible to do so, or you may leave your money in the Plan and take it later. However:

- ~~///~~ *you must start taking distribution of your account by April 1 of the calendar year after the year in which you reach age 70 ½ (unless you are still working for a participating employer)*
- ~~///~~ *if your 401(k) account balance is less than \$5,000, it will automatically be paid to you when you are first eligible to take a distribution.*

How Your Account Is Paid

You may choose to have your 401(k) account paid:

- ~~///~~ as a single lump sum payment of your entire account balance; or
- ~~///~~ in 36, 60 or 120 monthly installments.

While you are receiving installments you can continue to make changes in your investment options. You may also at any time elect to receive your remaining account balance in a lump sum.

Direct Rollover Election

If you receive a lump sum or installments for 36 or 60 months, you may elect to have all or part of your payments directly rolled over from the MEBA 401(k) Plan to another qualified plan or to an Individual Retirement Account (IRA). Before payments begin, you'll receive more information about how to elect a direct rollover. You can't do a rollover of a Hardship Withdrawal or installments for 120 months.

Payments that are directly rolled over to another plan or IRA are not taxable income to you.

The mandatory 20% withholding tax applies to all payments from the Plan that are not directly rolled over, except Hardship Withdrawals or installments for 120 months. They are covered by different withholding rules that will be explained by the Plan Office upon request.

The rules regarding rollovers and taxes are very complicated and only summarized here. You are strongly advised to seek professional tax advice before receiving a withdrawal or distribution.

Indirect Rollovers

If you do not elect to have a payment directly rolled over to another plan or an IRA, it will be paid to you minus the 20% withholding tax. You may still indirectly roll the payment over to another plan or an IRA, but you must do so within 60 days after you receive the payment. You may even roll over the 20% part of the payment that was withheld, but you must come up with your own money to do so. The 20% that was withheld cannot be refunded from the Plan even if you do an indirect rollover. Any amount that is indirectly rolled over will not be taxable income to you, nor will the 10% penalty tax apply. If you don't roll over the 20% that was withheld, that 20% will be taxable income and also subject to the 10% penalty tax (if applicable).

Other Important Information

You must file an original Beneficiary Designation Form with the Plan Office – faxed or emailed Forms are not acceptable.

Survivor Benefits

If you die before your 401(k) account has been distributed, it will be paid in a lump sum to the beneficiary you designate on your Beneficiary Designation Form on file with the Plan Office. If you are married when you die, your spouse will automatically be your beneficiary unless your spouse consents to your naming another person as your beneficiary on your Beneficiary Designation Form and your spouse's signature is notarized.

You may download a Beneficiary Designation Form from the MEBA Benefit Plans website at www.mebaplans.org, or you may get one from the Plan Office or any MEBA Branch Office.

If you do not have a valid Beneficiary Designation Form on file with the Plan Office when you die, or if your designated beneficiary cannot be located, your 401(k) account will be paid in a lump sum in the following order of precedence:

- ~~///~~ your spouse
- ~~///~~ your children in equal shares
- ~~///~~ your named beneficiary under the MEBA Medical and Benefits Plan, or
- ~~///~~ your estate.

Applying for Distribution of Your 401(k) Account

To apply for a distribution of your 401(k) account, contact the Plan Office directly and ask for the necessary application form.

Certain Documents Must Accompany 401(k) Applications

You will be told what documentation you must supply with your application. Your application is not complete until all necessary documentation is supplied. It usually takes Fidelity two to three weeks to process your completed application and make payment.

If you or your beneficiary make a false statement material to a claim for benefits, you or your beneficiary may be denied any or all benefits and be subject to other sanctions. The Trustees can recover any payments made in reliance on a false statement.

If You Disagree With the Amount of Your Account

If you disagree with the amount of your 401(k) account, you should notify the Plan Office immediately in writing and submit whatever material you have in support of your claim to a different amount. The Plan Office will review your claim and advise you of their findings.

If Your Claim Is Denied

If your application for a withdrawal or distribution is denied or if you disagree with the amount of your account after the Plan Office completes its review, there are specific procedures to be followed if you (or your beneficiary) decide to file an appeal. Please see the Administrative Information section of this Handbook for more information on appeal procedures.

Assignment Of Benefits

Generally, neither you nor your creditors can assign, transfer or attach your 401(k) benefits or use them for collateral. However, the IRS may attach your 401(k) account in certain circumstances.

Qualified Domestic Relations Order

Federal law also allows assignment or attachment of your 401(k) benefits under a Qualified Domestic Relations Order (QDRO). A QDRO is a court order, issued in connection with a divorce or family support proceeding, which orders the 401(k) Plan to pay your benefits to your spouse, former spouse, child or other dependent. The 401(k) Plan must obey these court orders.

You will be notified if the 401(k) Plan receives a court order that may affect your benefits. The Plan Office will provide you with a copy of the Plan's procedures for determining if a court order is a QDRO upon written request.

Pension Benefit Guaranty Corporation

Benefits under the 401(k) Plan are not guaranteed by the Pension Benefit Guaranty Corporation (PBGC), because 401(k) plans are not eligible for PBGC insurance.

Future Of The 401(k) Plan

The 401(k) Plan, as described in this Handbook, may be amended, in whole or in part, or terminated by the Trustees of the MEBA Pension Trust at any time, including retroactively. No amendment or termination can ever take away any of your 401(k) account you have already accumulated.

Your Rights

If you have any questions about the Plan, contact the Plan Office in Baltimore in writing.

Discrepancies

Together with the Administrative Information section of this Handbook, this section constitutes the Summary Plan Description of The MEBA 401(k) Plan as in effect on January 1, 2002. Terms and phrases used in this Handbook have the meanings given to them in the MEBA 401(k) Plan Regulations and the Agreement and Declaration of Trust. If there is any difference between the information contained in this Handbook and in these documents, the Regulations and the Agreement and Declaration of Trust, as interpreted by the Board of Trustees will always govern. If there are any changes in the law that require amendments to the 401(k) Plan Regulations that have not yet been formally adopted by the Board of Trustees, the 401(k) Plan Regulations will be interpreted by the Board of Trustees as including those changes in the law.