



## BENEFIT PLANS

MEBA MEDICAL & BENEFITS PLAN  
MEBA PENSION TRUST  
MEBA TRAINING PLAN  
MEBA VACATION PLAN

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### Summary of Material Modification MEBA 401(k) Plan

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Effective July 1, 2009, the Board of Trustees amended the MEBA 401(k) Plan to allow Employees to take a loan from their 401(k) account. The provisions of the amendment are summarized below:

- **Availability:** Loans are available to Employees and alternate payees under a qualified domestic relations order. Loans are **not** available to Beneficiaries.
- **Maximum Number of Loans:** Employees may have no more than **one** outstanding loan at a time. Once an Employee has repaid the loan in full, he or she may take out a new loan.
- **Maximum Loan Amount:** The maximum amount of any loan is the lesser of: (1) \$50,000 (reduced by the highest outstanding loan balance under the Plan during the prior 12-month period); or (2) 50% of the Employee's vested account balance, including any earnings.
- **Minimum Loan Amount:** The minimum amount of any loan is \$1,000.
- **Loan Length:** Generally, Employees will have up to 5 years to repay a loan. However, the Employee will have up to 20 years to repay a loan if the loan is used to purchase a dwelling unit which, within a reasonable period of time, will be used as the principal residence of the Employee. Extensions of the repayment period generally are not permitted.
- **Rate of Interest:** The rate of interest on the loan is a fixed rate of interest equal to 1% above the prime rate published by Reuters on the last day of the month preceding the month in which the Employee applies for the loan.
- **Payments:** Loan payments are automatically deducted from a checking or savings account designated by the Employee. The loan may be repaid in full at any time.
- **Security:** The loan is secured by the Employee's Accumulated 401(k) Share.

- **Investments:** Loan amounts are withdrawn on a pro-rata basis from an Employee's existing investment funds on the date of the loan. Loan repayments are invested in accordance with the Employees' investment choices in effect on the date of the repayment.
- **Default:** Failure to make any installment payment when due (taking into account any grace period) will result in a default. In the event of a default, the entire balance will result in a deemed distribution for tax purposes, will be reported to the IRS as a taxable distribution, may result in immediate recognition of income by the Employee, and may be subject to 10% early distribution tax penalty.
- **Loan Status After Default:** Even if a loan is treated as a taxable distribution, the loan must still be repaid in accordance with its terms and will continue to accrue interest. A defaulted loan will count as an outstanding loan and will prevent an Employee from subsequently borrowing, or refinancing the outstanding loan, unless the outstanding loan balance on the defaulted loan is repaid.
- **Domestic Relations Order:** During a period when a Qualified Domestic Relations Order (QDRO) affecting the Employee's accumulated 401(k) share is under review for a determination of qualification, the Employee will not be allowed to take a loan. If a distribution under a QDRO is required from the Employee's 401(k) account and the amount of the required distribution exceeds the value of the 401(k) account less the outstanding loan balance, the loan will be considered in default.
- **Loans vs. Hardship Withdrawal:** Employees must take any available loan from their 401(k) account before requesting a hardship withdrawal.
- **Military Service:** Special repayment provisions may apply to Employees during uniformed military service. Contact the Plan Office if you think this may apply to you.
- **Costs and Expenses:** All costs and expenses in connection with obtaining and maintaining a loan are deducted from the Employee's 401(k) account.

If you have any questions regarding the loan provisions, contact the Plan Office at 410-547-9111 or 800-811-6322. The full text of the Plan Amendment as well as the 401(k) Plan Regulations are available at the Plan's website: [www.mebaplans.org](http://www.mebaplans.org).

*The Board of Trustees reserves the right to change and interpret these provisions.*