BENEFIT PLANS

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

1007 EASTERN AVENUE, BALTIMORE, MARYLAND 21202-4345 • (410) 547-9111

October 27, 2015

IMPORTANT: MODIFIED LUMP SUM OPTION ADDED TO MEBA DEFINED BENEFIT PENSION PLAN

PLEASE READ THIS NOTICE FOR DETAILS

Dear Participant,

The Trustees are pleased to let you know that they have been able to add a modified lump sum payment to the Plan that is designed not to negatively impact the Plan's future funded status. On April 30, 2015, we notified you that the Board of Trustees of the MEBA Pension Trust – Defined Benefit Plan ("Plan") elected to enter critical (red) zone status to correct the Plan's projected funding problems. As required by federal law, the Board of Trustees adopted a Rehabilitation Plan on October 21, 2015.

The purpose of the Rehabilitation Plan is to allow the Plan to correct the funding problems and cease being in critical status. As described in our April 30th notice, the ability of participants to elect lump sums threatened the ability of the Plan to pay pension benefits to current and future participants and their beneficiaries. As a result and as required by law, lump sum distributions are eliminated as of April 30, 2015. However, the Plan's actuary has projected that the Plan will emerge from critical status without any benefit reductions or contribution increases required.

Modified Lump Sum Option

The Rehabilitation Plan calls for only one change from the current Plan – a modified lump sum payment option. If certain conditions (described below) are satisfied, participants who are age 55 or older may elect to receive a portion of their pension benefits as a lump sum. The lump sum could be in an amount equal to 12, 24, or 36 months of monthly annuity benefit payments based on a single life annuity, with the remainder payable as one of the monthly annuity options currently available under the Plan. The monthly annuity will be reduced to reflect the value of the lump sum.

Once the Plan's actuary has certified that the Plan has emerged from critical status (because lump sums cannot be paid while a plan is in critical status), a 12, 24, or 36 month lump sum option will be available under the Plan as of the first day of the Plan Year following the Plan Year in which the following criteria are satisfied:

(1) The Plan's actuary certifies that the Plan is projected not to be in endangered or critical status for the 15 succeeding Plan Years;

(2) For participants to be eligible for a lump sum equal to 12 or 24 months of monthly annuity payments, the interest rate specified by the Internal Revenue Service to calculate lump sums as of August must be 5.75% or more; and

(3) For participants to be eligible for a lump sum equal to 36 months of monthly annuity payments, the interest rate specified by the Internal Revenue Service to calculate lump sums as of August must be 6.75% or more.

Each year, by October 31 the Plan's actuary will issue a report to the Trustees stating whether the above conditions have been met. If so, the Plan Office will notify participants by November 30 that the lump sum is available as of the first day of the next Plan Year. Since the Trustees know that participants need to be able to plan their retirement, if the conditions are met, the lump sum will be available for the entire Plan Year, even if conditions change (such as interest rates drop) during the Plan Year.

Although the Plan is expected to emerge from critical status in March 2016, we already know that these lump sums will not be payable in 2016 because the above interest rate conditions have not been met. As a result, the lump sum option could potentially first be available to participants in 2017, although when the lump sum actually becomes available depends on interest rates and Plan funding.

Additional Information

For more detail about other benefits and features of the Plan, consult your Summary Plan Description. If you have questions, please contact the Plan Office at:

MEBA Benefit Plans
1007 Eastern Avenue
Baltimore, MD 21202
Phone: (410) 547-9111

The Trustees recognize that elimination of the original lump sum option was difficult for participants and their families. The conditions established to add a 12, 24, or 36 month lump sum option are designed so that the lump sum option does not harm the funding of the Plan.

H. Marshall Ainley Chairman	Edward Hanley Secretary	Ann Gilchrist Acting Administrator