

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 SPD, please contact the Plan Office in Baltimore at (410) 547-9111.

How many times have you considered putting money aside for your retirement, but thought you couldn't afford to? The MEBA 401(k) Plan ("401(k) Plan") helps you save for your future. This Summary Plan Description summarizes the 401(k) Plan Regulations ("Regulations").

The 401(k) Plan lets you make pre-tax and after-tax contributions through convenient payroll deductions. Your pre-tax contributions and any investment returns are not taxed until withdrawn from the 401(k) Plan.

You can choose from among various options in which to invest the money in your 401(k) Plan accounts. You can invest in one fund or in a combination of several funds, whatever best suits your personal investment goals.

About This SPD

This SPD covers only the major provisions of your 401(k) Plan, which should make it easier to read. The full details are set forth in the Regulations, and are available on the MEBA Plans website at www.mebaplans.org.

Please understand that no general explanation can adequately provide every detail of the 401(k) Plan. This SPD does not change or otherwise interpret the terms of the official 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 Your Rights section of this SPD. Please note that only the Board of Trustees has authority to interpret the Regulations (or other 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.

This SPD is supplied solely for the purpose of assisting you in comprehending the scope and meaning of the 401(k) Plan, not to replace or amend it.

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

Participation

Who is Eligible

You are eligible to contribute to the 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.

How to Enroll

Participation is voluntary, so you must make an election in order to participate. You may sign up to contribute to the 401(k) Plan at any time after you become eligible by completing and submitting a 401(k) Plan Enrollment/Election Form to your employer. You can obtain a copy of the form from your employer, by downloading it from the MEBA Benefit Plans website at www.mebaplans.org, or requesting it from the Plan Office by calling (410) 547-9111.

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 401(k) 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.

You must submit your completed 401(k) Plan Enrollment/Election Form 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) accounts.

Naming a Beneficiary

When you first contribute to the 401(k) 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 401(k) 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 provide written consent to the designation on your Beneficiary Designation Form and your spouse's signature must be notarized.

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.

Naming a Trust

If you elect to designate a trust as your Beneficiary, the trust must meet the following requirements:

- it must be valid under state law;
- it must be irrevocable or must become irrevocable upon your death; and
- the beneficiaries must be identifiable from the trust instrument.

Also, you must provide the following documentation to the Plan Office:

- a copy of the trust and an agreement to provide all amendments made thereto; or
- a certified list of all beneficiaries and an agreement to update the list, if changed, and an agreement to provide a copy of the trust on demand.

Contributions

Types of Contributions

Generally, you can make four types of contributions to your 401(k) accounts:

- Elective Contributions
 - Pre-Tax Elective Contributions; and
 - Designated Roth Contributions;
- Catch-up Contributions (if eligible):
 - Pre-Tax Elective Contributions; and
 - Designated Roth Contributions;
- After-Tax Contributions; and
- Rollover Contributions.

The first three contribution types listed above are deducted from your earnings. The fourth type, Rollover Contributions, is usually made in a plan-to-plan transfer or by check. Each contribution is explained in more detail below. Also be sure to read about withdrawal options that relate to each contribution type later in this SPD.

Elective Contributions

Elective contributions are deducted from your earnings in accordance with your election. You may designate all or a part of your Elective Contributions (including Catch-Up Contributions) as either Pre-Tax Elective Contributions or as Designated Roth Contributions.

Pre-Tax Elective Contributions

Pre-Tax Elective Contributions are made before federal, and most state and local, income tax is taken, so you don't pay income taxes on the contributions or any investment returns until they are withdrawn from the Plan. You may elect to contribute a specified dollar amount or any whole percentage of your earnings as Pre-Tax Elective Contributions, up to the annual maximum contribution dollar amount (see below).

Designated Roth Contributions

Designated Roth Contributions generally are treated the same as Pre-Tax Elective Contributions, except these amounts are included in your taxable income before they are deducted from your earnings and, are tax-free (rather than tax-deferred) when distributed from the Plan. Investment returns 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 59½, incurred a disability, or died.

Catch-Up Contributions

If you will be age 50 or older by December 31 and are making the maximum Pre-Tax Elective Contributions and/or Designated Roth Contributions, you may make an additional "Catch-Up" Contribution, up to the IRS maximum. For 2015 the maximum Catch-Up Contribution is \$6,000 and may increase in future years as determined by the IRS. You may designate your Catch-Up Contributions as Pre-Tax or Designated

Roth.

After-Tax Contributions

After-Tax Contributions are made on an after-tax basis, so you pay taxes on the contributions, but any investment returns are tax-deferred until withdrawn from your account. You may elect to contribute a specified dollar amount or any whole percentage of your earnings. There is no dollar or percentage limit on After-Tax Contributions other than the overall contribution limit described below.

Rollover Contributions

If you receive a distribution from your prior employer's qualified retirement plan or an IRA, you may be eligible to rollover that amount tax-free into the 401(k) Plan. Although rollovers are generally permitted from a broad range of employer-sponsored retirement plans, there are some restrictions under IRS rules. As a result, all Rollover Contributions are subject to approval before accepted into the Plan. If you wish to make a Rollover Contribution to the 401(k) Plan, please contact the Plan Office to obtain the necessary documents.

Elective Contribution Limits

The Internal Revenue Code (IRC) limits your combined Pre-Tax Elective Contributions and Designated Roth 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 2015, the annual limit is \$18,000. If you are age 50 or over, the limit increases by \$6,000 for Catch-Up Contributions, to a total of \$24,000. The IRS may adjust these annual amounts in the future.

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, contributions will only resume if you are still on the same voyage you were on when contributions stopped. Otherwise, contributions will not resume until you submit a new 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 investment returns earned on or before December 31 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 401(k) 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.

Overall Contribution Limits

The IRC limits the aggregate amount of contributions and, if applicable, forfeitures that may be allocated to your account under the MEBA 401(k) Plan and the MEBA Money Purchase Benefit Plan annually. For 2015, this limit is \$53,000. The IRS may adjust these annual amounts in the future.

Highly Compensated Employees

The 401(k) Plan is subject to IRC non-discrimination rules that might reduce the Elective Contributions (both Pre-Tax and Designated Roth) and After-Tax Contributions that can be made by certain highly compensated employees. You will be notified in the event these rules require a reduction in your contributions.

Earnings

As noted above, Elective Contributions (both Pre-Tax and Designated Roth) and After-Tax Contributions are taken from your earnings. For purposes of calculating contributions to the Plan, "earnings" means total cash compensation you receive from your employer, including overtime, bonuses, premium pay, penalty time pay, incentive compensation, commissions, and contributions under a cafeteria plan or deemed cafeteria plan. Earnings do not include payments from the MEBA Vacation Plan, Port Relief or Night Relief Pay, meal money, travel expenses or lodging. Earnings also includes amounts paid after termination of employment (to the extent they would otherwise be taken into account), provided the payments are made within the later of 2½ months after you terminate employment or the end of the year that includes your date of termination. (Severance, however, is not included in earnings.)

Earnings also include any differential wage payments your employer makes to you during a period of military service that is longer than 30 days. The payments must represent a portion of the salary or wages you would have received if you continued to provide services for your employer. Your employer is not required to provide differential wage payments.

The IRC limits the annual amount of earnings that can be considered for purposes of the Plan. For 2015 the annual limit is \$265,000. This amount may be increased by the IRS in future years.

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 401(k) Plan Enrollment/Election Form. To stop contributing entirely, simply do not submit a new form at the start of your next voyage.

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.

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 401(k) Plan Enrollment/Election Form to your employer's payroll department.

Contributions for Military Service

If you leave employment covered by the 401(k) Plan to enter qualified military service and later return to Covered Employment (as defined on page 16) within the time period required by 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 limits for years after reemployment. Your account will not be credited with past investment returns for any made-up contributions.

Vesting

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

Investing Your 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.fidelity.com/atwork.

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.fidelity.com/atwork

Accounts

Contributions to the 401(k) Plan are held in individual accounts maintained in your name. Each contribution type (i.e., Pre-Tax Elective Contributions, Designated Roth Contributions, After-Tax Contributions and Rollover Contributions) will consist of a separate account reflecting contributions and investment returns. Your accounts are valued on each business day of the Plan Year.

Your Investment Options

Contributions in your accounts are invested according to your instructions among the available investment options offered through the 401(k) Plan. For listings of investment options, please contact Fidelity by logging on to www.fidelity.com/atwork or by calling 1-866-848-6466.

You may invest your accounts in any of the investment options among any combination of options in whole percentages that total 100%. At your initial enrollment, indicate the percentage you want to invest in each investment option on your 401(k) Plan Enrollment/Election Form. If the percentages you indicate do not total 100%, all of your accounts will be invested in the default investment fund selected by the Trustees.

Before you make your investment decision, you should request and carefully review fund information, including prospectuses. This information is available by contacting Fidelity at 1-866-848-6466 or by visiting Fidelity's website.

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 (including fee information) and market value of the mutual funds at the end of the quarter. You can also check your account balance at any time or request an electronic statement by contacting Fidelity at 1-866-848-6466 or by visiting Fidelity's website.

Changing Your Investment Options

Your 401(k) Plan Enrollment/Election Form is only used to make your first investment option election. Any changes in how your future contributions are invested, or in how you want to invest money already in your account, may only be made by calling Fidelity at 1-866-848-6466. The Plan Office cannot make changes in your investment options for you. You may change your investment options at any time (subject to short term trading rules and other trading restrictions).

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.

If you prefer, you can speak to a Service Representative any business day from 8:30 a.m. to 8:00 p.m. (Eastern time), for assistance with any service by calling the toll-free number 1-866-848-6466.

Fidelity Participant Services Center

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.

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 1-866-848-6466. 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.

You can call the Fidelity Participant Services 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

Overseas Account Access

If you are overseas and want to contact Fidelity regarding your account, you should visit the following website http://www.business.att.com/bt/dial_guide.jsp and select the appropriate country. After dialing the provided phone number you should connect to an AT&T operator and then you should provide the Fidelity toll-free number 877-343-0860 to the operator. You can also go directly to Fidelity's toll-free number 877-343-0860. As a last resort, you can contact Fidelity at 508-787-9902.

Investment Responsibility

The 401(k) Plan is a participant-directed account plan intended to satisfy Section 404(c) plan of the Employee Retirement Income Security Act ("ERISA"), as amended, and Title 29 of the Code of Federal Regulations, section 2550.404c-1. This means you can choose from a broad range of investments offered in the 401(k) Plan. You choose how to invest the assets in your 401(k) Plan account and you are responsible for those decisions. This also means that the Trustees, the Plan Office, the Employer, the Union, or any other fiduciary of the 401(k) Plan are not liable for any losses which are the direct and necessary result of investment instructions given by a you or your beneficiary.

The Plan Trustees make the investment options under the 401(k) Plan available to you. However, the Trustees do not make any recommendation about which investment option you should pick.

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.

Account Rebalance Features

Fidelity offers the following rebalance features. You may choose to rebalance at anytime or as many times as you would like (taking into consideration your funds' short term trading rules and other restrictions).

Rebalance

The Rebalance service allows you to indicate the percentage of your account you want to allocate to each plan investment option. The system then processes the needed exchanges on the next business day. Regardless of your current asset allocation, the system will trigger exchanges to allocate the portfolio as desired. The Rebalance service trades only what is needed to attain the desired investment percentages.

Automatic Rebalance

Automatic Rebalance will help you maintain a consistent investment allocation over time by annually rebalancing your account to an investment mix that you desire. Once you enter your desired investment mix via NetBenefits® or BWS, your account is rebalanced on the next business day. Then, annually, on the anniversary of the original transaction (or the next business day if the anniversary falls on a non-business day), your account will be rebalanced as needed to get your account back in line with the target investment allocation you established. You will receive a pre-confirmation of the automatic rebalance 10 business days prior to the transaction taking place along with receiving confirmation statements (available online or via hardcopy) once the transactions have posted.

Rebalance Notification

Rebalance Notification helps you maintain a consistent investment allocation over time by notifying you when your account has strayed from your desired investment allocation. Once you enter your desired investment mix via NetBenefits® (service not available via BWS or voice channel), you can choose the percentage - 5%, 10%, or 15% - by which any investment in your account can vary before you are notified that it's time to consider rebalancing. If an investment diverges by the specified percentage variance, you are notified by an e-mail that contains a link directly to the Rebalance service on NetBenefits®. If you choose not to rebalance at the time the notification is sent, another notice is sent in three months if any investment still varies from the desired allocation.

Understanding Taxes

Keep in mind that you are postponing, not avoiding, paying income taxes on your Pre-Tax Elective Contributions to the Plan. When you receive a withdrawal or distribution from the Plan, your Pre-Tax Elective Contributions, adjusted for earnings and loss, will be taxable income unless you roll it over to an IRA or another plan.

Even though your Pre-Tax Elective Contributions to the Plan are income tax free when made, you still pay Social Security taxes on your contributions. Note – some states may impose state income tax on your contributions.

When you make Designated Roth Contributions you pay income tax on your contributions before they go into the 401(k) Plan. And, if your Designated Roth Contributions are not withdrawn for at least five years after your first Designated Roth Contribution is made and the distribution is made after you have attained age 59½ or incurred a disability or died, then any earnings on the contributions will not be taxed.

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

Advantage of Pre-Tax Elective Contributions

Your Pre-Tax Elective Contributions to the 401(k) Plan are made with pre-tax dollars. Each dollar you contribute lowers your taxable income for the applicable year, so you end up lowering the amount of income tax that you currently pay.

Designed Roth Contributions and After-Tax Contributions are made with after-tax dollars. This means these contributions are included in your taxable income in the current year, but they are not taxed again when they are distributed from the 401(k) Plan.

Here's an example of how saving with Pre-Tax Elective Contributions affects your take home pay, when compared to saving with Designated Roth Contributions or After-Tax Contributions. Let's say you:

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

The chart below compares the impact on your current income of making Pre-Tax Elective Contributions to making Designated Roth or After-Tax Contributions.

	Roth or After-Tax Contributions	Pre-Tax Elective Contributions
Annual Compensation	\$60,000	\$60,000
Personal Exemption	- (3,800)	- (3,800)
Standard Deduction	- (6,100)	- (6,100)
6% Elective Contribution (pre-tax)	- 0	- (3,600)
Taxable Income	50,100	46,500
Federal Income Tax (21%)	- (10,521)	- (9,765)
Income after taxes	39,579	36,735
6% After-Tax Contribution	- (3,600)	- 0
Disposable Income	\$35,979	\$36,735
The difference in disposable income due to tax savings is an additional \$756 with Pre-Tax Elective Contributions.		

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

Taxation by Contribution Type

Your Pre-Tax Elective Contributions, as well as any investment returns, are not taxed for as long as they remain in the 401(k) Plan. This results in increased savings because the money that would have gone toward paying taxes on investment returns stays in your account where it can continue to grow. Although your After-Tax Contributions and Designated Roth Contributions are taxed, investment returns on those contributions are not taxed while in the 401(k) Plan.

When Income Taxes Are Due

Pre-Tax Elective Contributions are also taxable upon withdrawal or distribution. Designated Roth Contributions and After-Tax Contributions are not taxed at distribution. Investment returns for most contribution types are taxable upon withdrawal or distribution from the 401(k) Plan.

Investment returns on any Designated Roth Contributions may not be subject to tax, provided the payment is a qualified distribution. A qualified distribution is one made after a five-taxable-year period of participation is completed. This period begins on the first day of the first taxable year in which you make a Designated Roth Contribution under the 401(k) Plan. In addition, the distribution must be (a) made on or after you attain age 59½; (b) made to a beneficiary or your estate on or after your death; or (c) attributable to your disability as defined by the IRS.

Whenever you take a withdrawal or receive a distribution from the 401(k) Plan, you must pay income tax on any taxable amounts you receive (unless you roll it over to another plan or IRA). If you take a withdrawal or receive a distribution before age 59½, a 10% early withdrawal penalty tax is also owed, unless an exception applies as discussed below.

The tax information is complex. To help you better understand this information, the following chart highlights the key features of the contributions you may elect to deduct from your earnings in the 401(k) Plan.

Comparing Pre-Tax, Roth and After-Tax Contributions: key features

Issue	Pre-Tax Elective Contributions	Designated Roth Contributions	After-Tax Contributions
Payroll deductions and tax withholding	Contributions are deducted from your earnings <i>before</i> federal and most state and local income taxes are withheld (no such taxes are withheld from your pay on these contributions).	Contributions are deducted from your earnings after income taxes are withheld.	Contributions are deducted from your earnings after income taxes are withheld.
Impact on current-year income tax	Contributions reduce your current-year taxable income.	Contributions have no effect on your current-year taxable income.	Contributions have no effect on your current-year taxable income.
Impact on current take-home pay	You have <i>more</i> take-home pay than if you contributed the same percentage of eligible earnings to a Designated Roth account because income tax is not withheld on Pre-Tax Elective Contributions.	You have <i>less</i> take-home pay than if you elected the same percentage of eligible earnings for Pre-Tax Elective Contributions because income tax is withheld on Designated Roth Contributions.	You have <i>less</i> take-home pay than if you elected the same percentage of eligible earnings for Pre-Tax Elective Contributions because income tax is withheld on After-Tax Contributions.
Income tax on distribution of 401(k) account (if not rolled over)	You will pay tax on all Pre-Tax Elective Contributions and any investment earnings.	You will not pay tax on the value of Designated Roth Contributions (since you already paid the tax) You will not pay tax on any investment earnings if certain conditions are met; see "When Income Taxes are Due" on page 13 for a list of conditions.	You will not pay tax on the value of After-Tax Contributions (since you already paid the tax). You will pay tax on any investment earnings.
Withdrawal restrictions	Restrictions on withdrawal before age 59½.	Restrictions on withdrawal before age 59½.	Restrictions on withdrawal before age 59½.

20% Withholding Tax

All taxable withdrawals and distributions from the 401(k) 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 the section titled "Direct Rollovers" on page 17). (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% Early Withdrawal Penalty Tax

If you take a withdrawal or receive a distribution from the Plan that is taxable, you must pay a 10% early withdrawal penalty tax on the taxable portion -- in addition to income tax -- **unless**:

- you are age 59½ or older;
- you are disabled (as defined in the Internal Revenue Code, not the Plan);
- 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);
- you roll over the distribution to another tax-qualified retirement plan or an IRA within 60 days;
- your distribution is a Qualified Reservist Distribution (see page 19).

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.

Payment of Benefits after Covered Employment Ends

***"Covered Employment"** is employment with a participating Employer.*

Distributions of your 401(k) Plan account are permitted after you retire, terminate your Covered Employment, become Disabled or die. You may also be able to take a loan or distribution during Covered Employment, as described later.

To **"retire"** or terminate your Covered Employment you must do all of the following:

- Stop working in Covered Employment and in work aboard any vessel. If your employment was based on employment as a Port Engineer, Port Electrician, or Hull Inspector, you must completely stop working in all jobs that involve a Licensed Officer's knowledge or expertise, including but not limited to, knowledge or expertise in construction, repair, operations or maintenance activities;
- Take all your accrued vacation; and
- Provide documentary proof that you have withdrawn from Union membership.

"Disabled" means based on medical evidence you are deemed to be totally and permanently unable to engage in employment. The Trustees shall be the sole and final judges of Disability. You will be required to submit to examinations by physicians selected by the Trustees. For more information on how to apply for Disability, contact the Plan Office.

Death Benefits

If you die before receiving payment of your entire account, the balance of your account will be paid to the beneficiary designated by you. Death benefits will be paid in the form of a single lump sum. Your beneficiary may elect after your death to have payments rolled over. Please see the section titled "Naming a Beneficiary" on page 3 for information on naming a beneficiary.

How Your Account Can Be Paid

You may choose to have your Plan 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.

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 401(k) 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 in Covered Employment).

If your 401(k) account balance is less than \$1,000, then it will automatically be paid to you in a single lump sum payment when you are first eligible to take a distribution.

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

Direct Rollovers

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 Plan to another qualified plan or to an Individual Retirement Account (IRA). Before payments begin, you'll receive more information about which amounts are eligible for rollover and how to elect a direct rollover.

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

You cannot do a rollover of a hardship withdrawal or 120 month installment payments.

Designated Roth Account distributions may only be rolled over to another plan with Roth accounts, or a Roth IRA.

The mandatory 20% withholding tax applies to all taxable payments from the Plan that are not directly rolled over, except hardship withdrawals and 120 month installment payments. Hardship withdrawals and 120 month installment payments are covered by different withholding rules that will be explained by the Plan Office upon request.

Indirect Rollovers

If you do not elect to have a payment directly rolled over to another plan or an IRA, the taxable portion 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).

Applying for Distribution of Your Account

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

At that time, you will be told what documentation you must supply with your distribution form. Your form is not complete until all necessary documentation is supplied. Once the necessary documentation is received, you can expect payment in two to three weeks.

The Trustees can recover any payments made in reliance on a false statement or any overpayments from the Plan.

Withdrawals During Covered Employment

Generally, you cannot withdraw money from your Plan account until you have ceased employment. But, under certain conditions described below you can withdraw money from your account while still in Covered Employment.

Hardship Withdrawals

You may take a hardship withdrawal from your Pre-Tax Elective Contributions account and Designated Roth Contributions account, (but not from investment returns) 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.

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

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;
- burial or funeral expenses for your spouse or your eligible dependents;
- repair of damage to your principal residence that would qualify for the casualty deduction under Internal Revenue Code and reportable on your income tax filing; or
- 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 Plan 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.

A hardship withdrawal is taken from your investment options on a pro-rata basis.

Age 59½ In-Service Withdrawals

You can take an Age 59½ In-Service Withdrawal at any time after you reach age 59½, even if you are still working. An Age 59½ In-Service Withdrawal may only be taken once per Plan Year.

Qualified Reservist Distribution

If you are ordered or called to active military duty for 179 or more days, you may request a Qualified Reservist Distribution from your Elective Contributions Account. The 10% early withdrawal penalty tax will not apply if the distribution is completed before the close of your active duty period.

Applying for a Withdrawal

To apply for a withdrawal described above, contact the Plan Office and ask for an In-Service Withdrawal Form or visit the MEBA Plans website at www.mebaplans.org. You can also contact the Fidelity Participant Services Center and ask for a 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 above).

Loans

You may borrow funds from your Plan accounts by requesting a loan. Loans are available to participants, alternate payees under a qualified domestic relations order, and former employees. Beneficiaries are not eligible for loans.

You may have only one loan outstanding at any time. Once a loan is repaid in full, you may request another loan. The costs and expenses for the loan will be deducted from your Plan account. Loan repayments are made directly to Fidelity through an electronic loan repayment service.

Loans from the Plan are based on the following rules:

- The minimum amount you may borrow is \$1,000.
- The maximum total of all loan amounts is the lesser of:
 - 50% of the vested portion of your account balance; or
 - \$50,000 (reduced by your highest outstanding balance on all loans under the Plan during the prior 12-month period).
- A loan's maximum repayment period is five years. However, the five-year repayment period may be extended to 20 years if the loan is used to purchase your primary residence. Repayment periods must be in full annual increments of 12-month periods.
- All loans are secured by your Plan account balance.
- All loans must be repaid in approximately equal payments of principal and interest (at least quarterly). You may not make partial

payments on your loan.

- You may repay your loan in full at any time.
- The loan will bear a fixed interest rate determined at the time of the loan. The interest charged on all loans will be 1% above the prime interest rate published by Reuters on the last day of the month preceding the month in which the loan application is made. You may refinance an existing loan to lower the interest rate, provided such refinancing does not extend the term of the loan.
- If you fail to make loan payments when due, the IRS considers the outstanding balance a defaulted loan and treats it as a distribution subject to ordinary income taxes and a 10% early withdrawal penalty, if you do not qualify for an exemption.

If you have taken a loan and later enter qualified military service, special provisions may apply. Contact the Plan Office for more information.

Applying for a Loan

To apply for a loan from your Plan account, please contact Fidelity at 1-866-848-6466 to discuss the details and initiate the process. If you agree to the terms of the loan, you must sign the loan application forwarded to you by Fidelity. The completed loan application must be forwarded to the Plan Office to process.

Claims and Appeals

Filing of Your Initial Application (or Claim)

Review of Your Initial Application (or Claim)

Your Initial Application (or Claim) is Denied

Filing of Your Written Appeal

Review of Your Written Appeal

Initial Application: To receive benefits from the 401(k) Plan, you must complete and file the 401(k) Plan's application.

The Plan Office will review your initial written application (or your written claim) within 90 days of the date the application is received, unless the Plan Office determines that special circumstances require an extension of up to 90 additional days. The Plan Office will let you know if (and why) it needs an extension by providing you with a written notice before the end of the period that is being extended.

If an extension is due to your failure to submit necessary information related to a determination of disability, the "clock stops running" on the period of time the Plan has to decide the claim until the Plan receives that information, or (if earlier) until the period of time you have been given to provide the information has expired. You will have at least 45 days to provide requested information regarding a disability.

If the Plan Office denies your initial application or makes an adverse determination on your written claim, the Plan Office will provide you with a written statement that contains the following information:

- Specific reason(s) for the denial or adverse determination.
- Reference to the 401(k) Plan Regulations' provision(s) on which the denial or adverse determination was based.
- A description of additional information needed to complete your application or claim, if applicable and why that information is necessary.
- A description of the 401(k) Plan's review procedures and time limits applicable to those procedures, including your right to bring a civil action under ERISA 502(a) following a denial or an adverse benefit determination on appeal.
- An offer to provide you, on request, free of charge, reasonable access to and copies of all documents, records and other information relevant to your claim for benefits (including a statement of policy or guidance concerning a disability claim).

If your initial application is denied or your claim is determined adversely, you must appeal this denial or adverse determination in writing to the Trustees, within 60 days following the date that you receive your initial written denial or adverse determination from the Plan Office.

In preparing for your appeal, you or your authorized representative may, upon request, review documents, records, and other information relevant to the claim. You may submit written comments, documents, records, and other information relating to the claim.

The Trustees will review your written appeal no later than the date of the next regularly-scheduled meeting of the Trustees after the Trustees receive your appeal, unless your appeal is received within 30 days before that next meeting. In that case, a decision may be deferred until the

If Your Written Appeal is
Wholly or Partially Denied

second regularly-scheduled meeting after the Trustees receive your appeal.

If special circumstances require a further extension of time, the Trustees will decide no later than the third meeting of the Trustees after the Trustees receive your appeal. Written notice of the extension will be furnished to you before the extension.

The Trustees' review of your appeal will take into account all comments, documents, records, and other information you submit, without regard to whether that information was submitted or considered in the initial benefit determination.

If the Trustees deny or make an adverse determination on your appeal, the Plan Office will provide you with a written statement that contains the following information:

- Specific reason(s) for the denial or adverse determination.
- Reference to the 401(k) Plan Regulations' provision(s) on which the denial or adverse determination was based.
- A statement regarding your right to bring a civil action under ERISA 502(a).
- Offer to provide you, on request, free of charge, reasonable access to and copies of all documents, records and other information relevant to your claim for benefits (including a statement of policy or guidance concerning a disability claim and the identity of any medical or vocational expert whose advice was obtained in connection with a disability claim).

The Trustees' decision is final.

When deciding claims, the Trustees are using their full discretionary authority to administer and interpret the terms of the 401(k) Plan Regulations and to determine eligibility for participation and for benefits under the terms of the 401(k) Plan Regulations.

This claims procedure applies to anyone claiming benefits under the 401(k) Plan, including your surviving spouse or other beneficiary (if applicable). If you need any assistance with this procedure, contact the Plan Office. **If you wish to preserve any rights you may have to benefits from the 401(k) Plan, you must follow this claims procedure within the deadlines as described above.** You must exhaust this claims procedure before you file any lawsuit. If you challenge the Trustees' decision in federal court, a review by a court of law will be limited to the facts, evidence, and issues presented during the claims procedure described above.

Legal action may not be filed later than 12 months following the date of the Trustees' decision on the appeal.

Qualified Domestic Relations Order

Your Rights

Assignment of Benefits

Neither you nor your creditors can assign, transfer or attach your account or use it for collateral.

However, federal law allows assignment or attachment of your benefits from the Plan 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 Plan to pay your benefits to your spouse, former spouse, child or other dependent. The Plan must obey these court orders.

You'll be notified if the Plan receives a domestic relations order that may affect your benefits. You may obtain, without charge, a copy of the procedures governing QDROs by contacting the Plan Office.

While a domestic relations order is under review, you may not take withdrawals or loans from your Plan account.

ERISA

As a participant in the 401(k) Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides that all plan participants shall be entitled to:

Receive Information About Your Plan and Benefits

Examine, without charge, at the Plan Office and at other specified locations, such as worksites and union halls, all documents governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Office, copies of documents governing the operation of the plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Office may impose a reasonable charge for the copies.

Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

Obtain a statement telling you your current account balance and whether you have a right to receive a vested benefit at normal retirement age (age 65). If you do not have a vested right to a benefit, the statement will tell you how many more years you have to work to earn a vested right. This statement must be requested in writing and is not required to be given more than once every 12 months. The plan must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the plan. The

people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of the plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the status of a qualified domestic relations order, you may file suit in a federal court. If it should happen that the plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

There are certain circumstances that may lead to you losing part or your entire account. These include the following:

- If your employment ends for any reason (including death) before you participate in the Plan, you or your beneficiary are not entitled to any benefits.
- If your investments experience a loss.
- The imposition of income, penalties, and excise taxes on your benefits.
- If you have an outstanding loan at distribution, the loan will offset your account balance.

By law, a statement of circumstances that might result in a loss or reduction of benefits is required here.

- If you become divorced or are subject to a domestic relations order, a court order could require that part of your benefit be paid to your former spouse or your children.

Discrepancies

This SPD constitutes a summary of the MEBA Pension Trust – 401(k) Plan. Terms and phrases used in this SPD have the meanings given to them in the 401(k) Plan Regulations and the Agreement and Declaration of Trust. If there's any difference between the information contained in this SPD and in these documents, the 401(k) Plan Regulations and the Agreement and Declaration of Trust as interpreted by the Board of Trustees will always govern. The Trustees have sole discretion to decide questions of fact and interpret the 401(k) Plan documents. The Trustees' decision on any issue will apply to all Participants and/or Beneficiaries.

If there are changes in the law that require amendments to the 401(k) Plan that have not yet been formally adopted by the Board of Trustees, the 401(k) Plan will be interpreted by the Board of Trustees as including those changes in the law.

Pension Benefit Guarantee Corporation Not Applicable

The 401(k) Plan is a defined contribution plan. This means that the benefit you receive under the Plan will be based on your account balance at the time distributions begin, rather than a predetermined benefit amount. Your benefits in the Plan are not insured by the Pension Benefit Guaranty Corporation. However, your account is fully funded at all times, and the assets of the 401(k) Plan are at all times held in the Trust.

Future of the Plan

The 401(k) Plan, as described in this SPD, may be amended, in whole or in part, or terminated by the Trustees at any time, including retroactively. No amendment or termination can redirect any 401(k) Plan assets for any purpose other than the exclusive benefit of 401(k) Plan participants.

ERISA Information

<i>Plan Name</i>	MEBA Pension Trust – 401(k) Plan
<i>Plan Sponsor</i>	Board of Trustees MEBA 401(k) Plan 1007 Eastern Avenue Baltimore MD 21202 410-547-9111 800-811-MEBA
<i>Plan Administrator</i>	Board of Trustees
<i>Employer Identification Number</i>	51-6029896
<i>Plan Number</i>	002
<i>Plan Year</i>	January 1 – December 31
<i>Type of Plan</i>	Defined Contribution
<i>Agent to Receive Legal Process</i>	Board of Trustees MEBA 401(k) Plan 1007 Eastern Avenue Baltimore MD 21202 Upon written request, the Trustees will make available a list of employers and employee organizations sponsoring the 401(k) Plan.

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