<u>THE STATE OF MARYLAND</u>

<u>MATCH PLAN AND TRUST</u>

As Amended Effective January 1, 2016

RESOLUTION
OF THE
BOARD OF TRUSTEES OF THE MARYLAND TEACHERS &
STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

It is hereby **RESOLVED** that:

1. The State of Maryland Match Plan is AMENDED by deleting Article IX in its entirety and inserting in lieu thereof Article IX attached hereto as ***Ex. A***.

2. The effective date of this amendment is January 1, 2016. The Executive Secretary, in consultation with the current plan administrator Nationwide Retirement Solutions, Inc. shall take all such actions necessary and appropriate to ensure the implementation of this amendment.

I, Michael T. Halpin, Executive Secretary of the Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans, CERTIFY that the foregoing Resolution was adopted by the Board of Trustees at a duly held meeting on November 14, 2016 by unanimous vote of a quorum of the Board of Trustees.

Michael T. Halpin
Executive Secretary

Exhibit A

State of Maryland Match Plan and Trust

The State of Maryland Match Plan and Trust (the "Plan") is amended, effective January 1, 2016, to correct the unintentional deletion of the default Beneficiary designation in Article IX of the Plan and to include clarification as to the default designation of a Beneficiary in the event that a Participant maintains more than one supplemental plan.

ARTICLE IX

Beneficiaries, Alternate Payees and Participant Data

9.1 Designation of Beneficiaries - Each Participant from time to time may designate any person or persons (who may be named contingently or successively) to receive such benefits as may be payable under the Plan upon or after his or her death, and such designation may be changed from time to time by the Participant by filing a new designation. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Board, and will be effective only when filed in writing with the Board during his or her lifetime. If a Participant has not made a Beneficiary designation under this Plan, the Board shall distribute any benefit payment due under the Plan upon death of a Participant to that person or persons most recently named as a Beneficiary on the records of the Board for the supplemental plan in which the Participant has an account. If the Participant has an account in more than one of the supplemental plans, the Beneficiary designation shall be determined by reference to the Participant's account in the supplemental plans in the following order: State of Maryland Deferred Compensation Plan, then the State of Maryland Savings and Investment Plan, and then the State of Maryland Tax Sheltered Annuity 403(b) Plan. A Beneficiary that has an account in the Plan because of the death of a Participant, or an Alternate Payee maintaining an account with the Plan under the terms of a Domestic Relations Order, may also designate a Beneficiary under the provisions of this Article. If the Beneficiary or Alternate Payee does not make such a designation and dies before the account is fully distributed, any remaining value of the account shall be paid to his or her estate.

A person may designate a trust or other entity as a beneficiary. In order to claim benefits under such a designation, the trust or entity must be in existence at the time of the designation, or be a trust created by the Participant's last will and testament.

In the absence of a valid Beneficiary designation (except in conjunction with the election of a form of benefit payment which does not require the designation of a specific Beneficiary), or if, at the time any benefit payment is due to a Beneficiary, there is no living Beneficiary eligible to receive the payment, validly named by the Participant, the Board shall distribute any such benefit payment to the Participant's spouse, if then living, otherwise to the Participant's then living descendants, if any, per stirpes, otherwise to the Participant's then living parent or parents, equally, otherwise to the Participant's estate. In determining the existence or identity of anyone entitled to a benefit payment, the Board may rely conclusively upon information supplied by the Participant's Personal Representative. In the event of a lack of adequate information having been supplied to the Board, or in the event that any question arises with respect to any such payment, then, notwithstanding the foregoing, the Board, in its sole discretion, may distribute such payment to the Participant's estate without liability for any tax or other consequences which might flow therefrom.

9.2 Alternate Payees – The restrictions on transfer of the account of a Participant or Beneficiary do not apply to transfers pursuant to a court domestic relations order that is authorized by the Internal Revenue Code and Maryland law. The Administrator may divide or transfer the account according to the terms of such an order and the administration of the new account created by the court order shall be governed by the terms of the Plan. The Alternate Payee may elect to receive a distribution from the account, or to continue to maintain an account under the Plan, but in all events shall be subject to the provisions of Section 401(a)(9) and the provisions of Article VIII.

9.3 Information to be Furnished by Participant and Beneficiaries - Any communication, statement or notice addressed to a Participant, Beneficiary or Alternate Payee at his or her last post office address filed with the Administrator, or if no such address was filed the last post office address filed with the Administrator, or if no such address was filed with the Administrator, then at the last post office address as shown on the State's records as Employer, shall be binding on such person for all purposes of the Plan. If the Board notifies any Participant, Beneficiary or Alternate Payee, or former Participant that he or she is entitled to an amount under the Plan and the Participant or Beneficiary fails to claim such amount or make their location known to the Board within three years thereafter, then the Board may: (a) direct distribution of such amount to any one or more or all of the next of kin of the Participant, and in such proportions as the Board may determine, or; (b) pay over such funds due a known Participant or Beneficiary to the administrator of the Maryland Unclaimed Property Unit, to be held by the State for such person until he or she can be found. The Board shall not be liable to any person for payment made in accordance with such escheat or unclaimed property law. Such amounts distributable to the Unclaimed Property Unit may be distributed in advance of the three year period if the Administrator has made reasonable efforts to locate such person.

END OF ARTICLE IX

Table of Contents

THE STATE OF MARYLAND

MATCH PLAN AND TRUST

THIS PLAN is adopted by The State of Maryland through action by the Board of Trustees of the Maryland Teachers and State Employee Supplemental Retirement Plans, under the authority of State Personnel and Pensions Article §32-201 authorizing the creation of a retirement savings plan that matches employee contributions to certain State sponsored plans and arrangements. It is an amended and restated plan of the plan provisions adopted by the Board of Trustees by Resolution dated November 18, 2002. Except as otherwise specifically provided herein, this amended and restated Plan is effective on January 1, 2012.

R E C I T A L S

> The State intends this plan to qualify as a defined contribution pension plan under Section 401(a) of the Internal Revenue Code, so that contributions to the trust established under the plan will not be taxable to the employees prior to distribution from the plan, and the trust will be exempt from tax under Section 501 of the Code.

NOW, THEREFORE, the State of Maryland hereby adopts The State of Maryland Match Plan and Trust under the terms and conditions set forth herein, as follows:

ARTICLE I

General

1.1 Name and Type of Plan - This Plan, which is intended to be a tax-qualified 401(a) defined contribution pension plan, may be referred to as "The State of Maryland Match Plan."

1.2 Applicability - The provisions of the Plan shall apply only to an individual who meets the eligibility standards set forth in the definition of Employee in Article II and in Article III hereof, his or her beneficiaries, and any Alternate Payee who receives an account under the provisions of Article IX. If an Employee establishes an account under this Plan a Severance From Employment shall not require distribution of an account, except as required under Internal Revenue Code §401(a)(9) and the provisions of Article VIII.

END OF ARTICLE I

ARTICLE II

Definitions

The technical terms defined in this Article shall have the meaning expressed in these definitions wherever used in this Plan, unless a different meaning is explicitly stated.

Accrued Benefit - The balance in a Participant's or Beneficiary's account, including contributions, income, expenses, gains and losses (whether or not realized) allocated or attributable thereto, which account shall consist of its pro rata proportion of all commingled Trust assets plus or minus other Trust assets, separately earmarked therefor. Said account balance shall be determined as of the most recent valuation date but adjusted for any additions or distributions subsequent thereto.

Each Accrued Benefit shall be divided into one or more of the following accounts, to the extent applicable:

Matching Account
Rollover Account

The foregoing accounts, which are designated as functional accounts, are derived from the source of the funds contributed thereto, whereas the accounts referred to as Segregated Accounts, and the Separate Investment Funds described in Article 10.3, are investment accounts, derived from the investment of the functional accounts.

Administrator - The person, group or entity designated in accordance with the provisions of ARTICLE XI to administer and operate the Plan.

Alternate Payee - A person that receives an interest in a Participant's account pursuant to a court order.

Beneficiary - Any person or persons so designated in accordance with the provisions of ARTICLE IX.

Board - The Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans, acting through its member Trustees as authorized and required under Title 35 of the Maryland Code, State Personnel & Pensions Article. Each of the individual Trustees shall exercise such responsibility according to the fiduciary standards of conduct required by Title 35 and related sections, for the exclusive benefit of Plan Participants.

C/L Increase - An automatic increase (without necessity of Plan amendment) in a dollar value set forth or described in the Plan, for the purpose of reflecting increases in the cost of living to the extent prescribed in or pursuant to regulations under section 415(d), section 402(g), or section 414(v) of the Internal Revenue Code.

Compensation - Compensation is defined as wages within the meaning of section I.R.C. 3401(a) and all other payments of compensation to an employee by the employer (in the course of the employer's trade or business) for which the employer is required to furnish the employee a written statement under I.R.C. sections 6041(d), 6051(a)(3) and 6052. Compensation shall be determined without regard to any rules under section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed; provided, however, that Compensation shall include any: (i) elective deferral as defined in section 402(g)(3) and; (ii) any amount contributed or deferred by the employer at the election of the employee, and not includible in the employees income by reason of sections 125, 457, or 132(f)(4).

Compensation taken into account under this plan shall not exceed the OBRA 1993 annual compensation limit as amended, namely $200,000 as adjusted by the Commissioner of Internal Revenue for increases in the cost of living in accordance with Code Section 401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (the determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

Compensation shall include amounts paid after a Severance From Employment only if the amount is paid within 2½ months after the Severance From Employment, and it is: (a) regular compensation that would have been paid to the Participant prior to the Severance From Employment if the Participant had continued to work for the Employer, or; (b) payment attributable to unused but accrued sick, vacation or other leave from a bona fide plan for same, and the Participant would have been able to use the leave if a Severance From Employment had not occurred.

Designation Date - The date or dates as of which a designation of investment categories, or any change in a prior designation, shall become effective. The Board shall have the right, at any time, without necessity of Plan amendment, to set or change any Designation Date, or to add or delete Designation Dates, on a temporary or permanent basis.

Distribution Date - The earliest date on which a Participant: (i) reaches retirement; (ii) dies while in the active employ of the State; (iii) is determined by the State, acting as Employer, to have become totally and permanently disabled; or (iv) otherwise has a Severance From Employment with the State. A Distribution Date allows, but does not require, a Distribution.

Distributee - A Participant or Beneficiary that receives a distribution from this Plan. An Alternate Payee that is the spouse or former spouse of the account-holder under this Plan is also included as a Distributee.

Effective Date - The effective date of the Plan, pursuant to Section 9, Ch. 530 of the 1998 Session Laws of the State of Maryland, shall be July 1, 1999. The effective date for the amendments made by this Restated Plan is January 1, 2012.

Eligible Retirement Plan - A plan described in section 402(c)(8)(B) that is allowed under federal tax law to make an Eligible Rollover Distribution.

Eligible Rollover Distribution - A distribution as defined in section 402(c)(4). An Eligible Rollover Distribution is any distribution of all or any portion of the balance of an account to the credit of the Distributee except than an Eligible Rollover Distribution does not include:

(a) Any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and his or her designated beneficiary, or for a specified period of ten (10) years or more;

(b) Any distribution to the extent such distribution is required under Internal Revenue Code Section 401(a)(9);

(c) The portion of any distribution that is not includible in a Distributee's gross income;

(d) Any corrective distribution of excess contributions and any corrective distribution of excess aggregate contributions and income allowable to such corrective distributions; or

(e) Any distribution made on account of hardship of the Employee.

Employee - Any person that is: (a) a member of a Qualified State Employee Pension or Retirement System as defined in this Article II, and; (b) eligible to elect to make contributions to any one of the Supplemental Retirement Plans authorized by Title 35 of the State Personnel and Pension Article. Employees that participate in a Qualified State Employees Pension or Retirement System because of their employment with a participating governmental unit, or former participating governmental unit, as defined in Title 31 of the State Personnel & Pensions Article, are not included within this definition.

Employer - The State of Maryland.

Entry Date - The first day in each month.

Internal Revenue Code - The Internal Revenue Code of 1986, or any provision or section thereof herein specifically referred to, as such Code, provision or section may from time to time be amended or replaced. As used in this Plan "section" refers to the Internal Revenue Code, unless the context clearly requires otherwise.

Leave of Absence - An authorized absence from active service that does not constitute a termination of employment under applicable provisions of Maryland law that govern the employer- employee relationship.

Matching Account - The portion of the Participant's Accrued Benefit attributable to the Matching Contribution made pursuant to Article 5.1.

Military Benefits – The special provisions for contributions, distributions and other benefits available to military personnel under the Uniformed Services Employment and Reemployment Rights Act ("USERRA"), the Heroes Earnings and Assistance Relief Tax Act of 2008 (the "Heart" Act) and Article XVI of this Plan.

Participant - Any person so designated in accordance with the provisions of ARTICLE III, including, where appropriate according to the context of the Plan, any former Employee who is or may become (or whose Beneficiaries may become) eligible to receive a benefit under the Plan. A Participant includes Beneficiary or Alternate Payee that has succeeded to the account or the original Participant under the provisions of the Plan.

Plan - The Plan set forth herein, as amended from time to time.

Plan Year - The twelve-month period ending on a Valuation Date. Unless amended by resolution of the Board the Plan year is the calendar year.

Retirement Agency - The State agency authorized and created under State Personnel & Pensions Article §21-117 to administer the State Retirement & Pension Systems.

Rollover Account - The portion of a Participant's Accrued Benefit under the accounts established pursuant to Article 5.8

Qualified State Employees Pension or Retirement System - The State Employees Pension System established under State Personnel & Pensions Article §23-201, and that portion of the State Employees Retirement System attributable to members who are subject to selection C (combination formula) as provided in State Personnel & Pensions Article §22-221.

Severance From Employment - The termination of a person's status as an employee of the state of Maryland under applicable provisions of Maryland law that govern the employer-employee relationship.

Segregated Account - That portion, or all, of an Accrued Benefit which is segregated from the remainder of the Trust (and excluded from any allocation of net earnings or losses of the Trust) and placed in one or more interest bearing accounts, certificates of deposit or other savings or time deposit instruments or any federally or state supervised bank or similar financial institution and/or invested in obligations of the United States government, as determined by the Trustees or pursuant to Participant elections as described in Article 6.7. The Board may from time-to-time designate other specific investment vehicles to serve as the investment media of the Segregated Account. All income earned by the Segregated Account shall be deemed to be charged thereto, in addition to any directly attributable fees and expenses, and a pro-rata portion of total Trust fees and expenses.

Special Valuation Date - The last day of each of the first three fiscal quarters of each Plan Year, or any other date designated by the Board, pursuant to Article 6.6, as an accounting or valuation date. If a daily valuation method of administration is adopted and used for any particular assets or accounts, each day on which such valuation occurs is a special valuation date.

Supplemental Retirement Plans - The elective salary reduction defined contribution plans established under Title 35 of the State Personnel & Pensions Article of the Maryland Code.

Trust - The trust fund established pursuant to the Plan, maintained in accordance with the terms of this Plan as from time to time amended.

Trustees - Those persons serving as Trustees and as members of the Board of the Maryland State Teachers and Employees Supplemental Retirement Plans under State Personnel and Pensions Article Section 35-202. Each of such persons shall be a Trustee of the Trust defined in Article II of this Plan.

Valuation Date - The last day of December in each year.

END OF ARTICLE II

ARTICLE III

Eligibility and Participation

3.1 Requirements - On or after the Effective Date every Employee meeting the definition of Employee in Article II and the standards of eligibility set forth in Article III is automatically a Participant in this Plan and entitled to have a contribution made to this Plan for his account under the rules and limitations expressed in Article V.

The two requirements for such participation are:

(a) Active membership in a Qualified State Employees Pension or Retirement System so that the Employee is eligible to accrue a service benefit under the Pension or Retirement System at some point during the plan year in which a contribution is made, and;

(b) Participation in one or more of the Supplemental Retirement Plans authorized under Title 35 of the State Personnel & Pension Article.

Once such requirements are met and the contribution is made to the Participant's account under this Plan, the Employee becomes a Participant, and remains a Participant so long as he or she retains an undistributed account value under this Plan, whether or not he or she continues to be a member of a Qualified State Employees Pension or Retirement System, or to make elective contributions to one or more of the Supplemental Retirement Plans.

3.2 Determination of Eligibility - The Retirement Agency shall have sole authority to determine eligibility for, and membership status in, a Qualified State Employees Pension or Retirement System. The Board shall have sole authority to determine eligibility for, and participation in, the State Supplemental Retirement Plans.

3.3 Relationship To Statute - State Personnel and Pensions Article §32-203 authorizes the creation of this Plan, sets forth eligibility standards, and establishes the amount of the State contribution for each participating Employee. The standards and rules under this Article are intended to implement the requirements of the statute.

END OF ARTICLE III

ARTICLE IV

Service

4.1 Leaves of Absence - Employment and Plan participation shall not be deemed to have terminated even if it is interrupted by a temporary absence from active service by reason of: (a)a Leave of Absence granted by the Employer on account of vacation, holiday, illness, incapacity (including disability), layoff or jury duty; (b) a Leave of Absence required by law or granted by the Employer on account of service in the Armed Forces of the United States, (c) any other Leave of Absence during which the individual remains in active pay status (irrespective of whether the employment relationship has terminated), or (d) any other Leave of Absence, extending for not more than two years, under conditions which are not treated by the Employer as a termination of employment.

4.2 Severance From Employment - A right to distribution under this plan by reason of retirement or other termination of employment shall occur only if there has been a Severance From Employment within the meaning of Article II.

4.3 Accrual of Benefit Under the Pension or Retirement System - An employee is only eligible to receive the matching contribution under this Plan if he or she accrues a service related retirement benefit under a Qualified State Employees Pension or Retirement System for the Plan year in which the matching contribution is to be made under Article V. A failure to perform a sufficient number of hours of service to be credited for a year of service under the Pension System shall not disqualify the Participant from eligibility to receive a matching contribution under this plan, so long as he or she would otherwise have been entitled to a service - related benefit had the required hours of service been earned.

4.4 Military Service - If a Participant is entitled to greater Military Benefits under the provisions of Article XVI, those provisions shall control and determine the amount of benefit, the right to receive a distribution, and the right to have contributions made to his or her account in the Plan.

END OF ARTICLE IV

ARTICLE V

Contributions

5.1 Matching Contributions - During each Plan year the State shall contribute to the Participant's account in this Plan an amount equal to the Participant's contributions to the Supplemental Retirement Plans during the same Plan year.

5.2 Maximum Contributions - For each fiscal year of the State beginning after June 30, 1999, the maximum amount contributed to this plan for a Participant is $600. A Participant may receive more than $600 in matching contributions during a Plan year, but may not exceed the maximum $600 contribution for any State fiscal year. The maximum contribution for any State fiscal year may be increased or decreased pursuant to duly enacted legislation of the General Assembly, including budget legislation.

5.3 Timing of Contribution - The State will contribute the matching amount to the Board from the budget accounts established in each year's State budget, and shall do so on a reasonably contemporaneous basis with the processing of the Participant's deferred salary that creates the right to the State contribution. Contributions generated by salary deferrals processed on a non-automated basis shall be paid over to the Board for deposit into the Plan and Trust within the first15 business days of the first month following the month in which the salary otherwise would have been paid.

5.4 Multiple Plan Participation - If a Participant defers salary into more than one of the Supplemental Retirement Plans, he or she will be entitled to matching contributions for each deferral made into any of the Supplemental Plans; but the maximum contributed in all events to this Plan by the State in a fiscal year shall be $600 for each employee, or other amounts described in Article 5.2.

5.5 Suspense Account and Contribution Reconciliation - The Board may credit to a suspense account for a reasonable period of time, not in excess of 30 days, contributions received that are not sufficiently identified as to be associated with a particular Participant, or which may be in excess of the maximum matching contribution under Article 5.2. At the end of such 30-day period, the amounts shall either be credited to the Participant or returned to the State.

5.6 Matching Account - There shall be established and maintained a separate Matching Account in the name of each Participant, which shall be fully vested at all times, and to which shall be credited or charged: (i) matching contributions made to his or her account; (ii) withdrawals, and (iii) any income, or expenses, gains or losses (whether or not realized, based on fair market value of invested assets) attributable or allocable thereto. Notwithstanding any provisions to the contrary that may be set forth in Sections 6.2 or 6.5, the Board shall have the discretion to allocate income, expenses, gains or losses of the Trust among the Matching

Accounts and the Rollover Accounts pursuant to such allocation rules as the Board, acting as Trustees, deem to be reasonable, administratively practicable, and equitable for all Participants.

5.7 Automatic Enrollment - No specific action shall be required for any Employee to become a Participant in this Plan, other than such actions as are necessary to cause salary reduction contributions under the Supplemental Retirement Plans, or active membership in a Qualified State Employees Pension or Retirement System.

5.8 Rollovers and Inter-Plan Transfers - An Employee (or former Employee who retains an account within the Plan) may pay over to the Plan any amount which constitutes an Eligible Rollover Distribution from an Eligible Retirement Plan. An Employee may also direct that such an Eligible Rollover Distribution be made directly from an Eligible Retirement Plan as defined in section402(c)(8)(B). Such rollover or direct rollover to the Plan shall constitute a part of the Employee's Accrued Benefit (although accounted for separately) and shall be fully vested at all times. If a rollover or direct rollover is made by or on behalf of an Employee who has not yet become a Participant, the rollover account shall constitute the entire Accrued Benefit and his or her sole interest in the Plan. The Plan may require a Participant to furnish, prior to receipt of any rollover contribution or transfer, adequate assurance that the funds constituting the transfer are in fact an Eligible Rollover Distribution from an Eligible Retirement Plan.

5.9 Maximum Limitation on Annual Additions - Notwithstanding any Plan provision to the contrary:

(a) The maximum annual additions which may be credited to the Accrued Benefit of any Participant in any Limitation Year (hereinafter referred to as the "Maximum Addition") shall be equal to the lesser of $40,000 (such amount, as adjusted by C/L Increases, hereafter referred to as the "Dollar Limit"), or 100% of his or her Compensation for the Limitation Year (hereafter referred to as the "Compensation Limit"). Annual additions shall be defined as the Article 5.1 contributions allocable to the Participant's Accrued Benefit for the limitation year. Limitation year shall be defined as the plan year, except as otherwise provided by adoption of a written resolution by the Board. The maximum annual addition shall also include (i) employer contributions, employee contributions, or forfeitures, to any other tax-qualified defined contribution plan maintained by the State of Maryland; (ii) contributions allocated to any individual medical benefit account (as described in I.R.C. Section 401(h)) established under any tax-qualified defined benefit plan maintained by the State of Maryland.

(b) Except as provided in the remainder of this Article 5.9, contributions for and/or allocations to the Accrued Benefit of any Participant, otherwise provided for or permitted by the Plan, shall be reduced or eliminated to the extent necessary to implement the limitations described in Article 5.9(a). If, for any limitation year, the maximum addition is exceeded by reason of contributions made by, for, or on behalf of the Participant to any other tax-qualified defined contribution plan under the authority of the Board, the contributions (plus or minus any investment gains or losses or other income attributable thereto) from such other plans shall, if permitted under applicable Internal Revenue Service regulations, be returned to the Participant to the extent necessary so that the maximum limitation on annual additions under the Plan is not exceeded. Any excess remaining after application of this preceding sentence, shall be held in a suspense account, without allocation of earnings, and used as a reduction of Employer contributions for a succeeding limitation year.

5.10 Match Contributions and Military Benefits – A Participant who is entitled to make contributions to one or more of the Supplemental Retirement Plans by reason of his entitlement to Military Benefits shall receive a matching contribution under the terms of this Article.

END OF ARTICLE V

ARTICLE VI

Allocation of Funds

6.1 Separate Accounts - Separate Accounts, consisting of the Matching Account and the Rollover Account shall be established for each Participant.

6.2 Allocation of Earnings or Losses of Trust - Subject to the provisions of Article 10.3, as of each Valuation Date and Special Valuation Date, the net earnings or losses of the Trust (including capital gains and losses, whether or not realized) since the preceding Valuation Date or Special Valuation Date, whichever last occurred, shall be allocated among all Participants in accordance with the ratio which the Accrued Benefit of each Participant, determined as provided herein, bears to the aggregate of all such Accrued Benefits so determined. For purposes of this allocation, the Accrued Benefit of each Participant will consist of the balances in all of the functional accounts contained therein as of the preceding Valuation Date or Special Valuation Date, whichever last occurred, adjusted pursuant to the next paragraph and pursuant to Article 6.4; provided, however, that the allocation of earnings and losses, as herein provided, need not be made if the method used to account for the respective interest of each Participant is such that, in an equitable manner, it includes a revaluation at current market values of each such interest as of each valuation date (e.g., the Unit Method of accounting).

In its allocations of income, gains or losses, and changes in value occurring in the Trust, the Board may make reasonable assumptions as to the timing of Employer and Participant contributions received, and distributions made, between valuation dates.

The Board, acting as Trustees, may adopt a system of daily valuation of each account. If a daily valuation system is adopted it need not be used for all accounts.

6.3 Valuations - In determining the earnings or losses of the Trust, the Trust (excluding amounts transferred to Segregated Accounts) shall be valued at fair market value, as of each Valuation Date and Special Valuation Date. Investments or investment pools that are measured by daily income accruals and fair or book value of the contracts contained therein shall be valued in that manner, and shall not require independent appraisals of value. Whenever the marketability of an investment within an account has been suspended at a time when value must be determined, the Board may make such reasonable estimates of value of all accounts within that particular class as is necessary to determine the value of any Participant's interest therein.

6.4 Accounting for Distributions - As of the preceding valuation date, special valuation date, or daily valuation date, whichever last occurred, all withdrawals of Participant contributions, and all transfers to Segregated Accounts, shall be charged to such Participant's Accrued Benefit.

6.5 Full and Immediate Vesting - Each Participant shall always be fully vested in his or her Accrued Benefit.

6.6 Interim Valuations - In the event it is determined that the value of the Trust fund as of any date on which distributions are to be made differs materially from the value of the Trust on the Valuation Date or prior Special Valuation Date upon which the distribution is to be based, the Board, in its discretion, shall have the right to designate any date in the interim as a Special Valuation Date for the purpose of revaluing the Trust so that the account from which the distribution is being made will, prior to the distribution, reflect its share of such material difference in value. Similarly, the Board may adopt a policy of providing for regular interim valuations (e.g. designation of the last day of each fiscal quarter as a Special Valuation Date) without regard to the materiality of changes in the value of the Trust. The Board may also adopt, by special vote, methods of valuation to be used for a given asset class that is not subject to daily valuation.

6.7 Right of Participants to Specify Investments - Subject to such limitations as may from time to time be required by law, or imposed by the Board or contained elsewhere in the Plan, and subject to such operating rules and procedures as established by the Board, each Participant shall have the right to designate the percentage of his or her Accrued Benefit which is to be invested in any one or more of such categories of investments as may be made available from time to time by the Board, pursuant to Article 10.4, and shall have the right to thereafter designate amounts to be withdrawn from any one or more investment categories and invested in one or more other investment categories then available, in accordance with the following:

(a) Such change in designation shall occur under rules and procedures established by the Board and by: (i) filing necessary signed forms, in good order, with the Administrator or other person or entity designated to effect such changes, or (ii) through electronic means and methods of investment allocation adopted by the Board. The maintenance by the Board of electronic or automated method of investment selection, or of methods that permit daily change in investment selection, shall not constitute a guarantee against any loss in value that may accrue through temporary inability to change such selection through use of such methods.

(b) All contributions and other amounts added to a Participant's Accrued Benefit, and all distributions subtracted therefrom shall be invested or withdrawn in accordance with the then effective investment category designation. As of the effective date of any new investment category designation, the entire balance of the Participant's Accrued Benefit at that date shall be reallocated among the designated investment funds according to the percentages specified in the investment category designations. Re-allocation of the Participant's accounts may not be made by the Board without the consent of the Participant merely to adjust for disproportionate investment growth among different funds, but the Board may adopt for Participant designation a method that automatically and periodically rebalances the Participants' investment accounts. A Participant may make different investment designations for contributions and investments.

(c) In the event the Board receives an initial or revised investment designation which appears incomplete, unclear or improper, the Participant's investment category designation then in effect shall remain in effect.

(d) It is intended that all Participants will direct the investment of their contributions and Accrued Benefits to the extent set forth in this Article 6. 7. In the event the Board possesses at any time instruction as to the investment of less than all of the contributions or Accrued Benefit, the contributions or Accrued Benefit shall be invested in the default option as described in this Article 6. 7(d):

(i) The Board shall designate by separate resolution a default investment option for contributions and the Accrued Benefit. The Board may from time to time amend the default option, and may do so without formal plan amendment; but any change in the default option shall be announced to Participants in a form substantially similar to that used for Plan Amendments.

(ii) In designating a default option the Board may choose either: (i) a stable value fund, money market fund, or fund with similar characteristics; (ii) a balanced fund that invests in both debt and equity securities; (iii) a target retirement or Lifecycle fund that adjusts its investment allocations according to the anticipated date of a participant's retirement; (iv) a substitute fund as described in Article 6. 7(d) (6). In the absence of specific designation by the Board, the default option shall be the target retirement fund available for investment at the time of default that most closely corresponds to the year the Participant attains age 65. If a person attains age 69 in the year the default occurs, the default option shall be the Retirement Income Fund of the Target Retirement Series.

(iii) The Board may designate different default options for different classes of Participants and may also designate a different default option for contributions and the Accrued Benefit.

(iv) The Board may from time to time request participants (or a particular class of Participants) to re-designate the investment options for receipt of contributions, investment of the Accrued Benefit, or both. If the Board does require affirmative re-designation, and the Participant fails to respond to notice of this requirement, the Board may direct the contributions or the Accrued Benefit, as the case may be, to the Default Option.

(v) A default direction of contributions or Accrued Benefit does not restrict the right of a Participant to change the direction of either through his or her affirmative act, according to the usual procedures maintained for plan administration.

(vi) If the Board removes a particular investment option from the Plan it shall provide notice of this removal to affected Participants. If the Participant fails to affirmatively designate a substitute option, the Administrator shall re-direct contributions and/or the Accrued Benefit to the specific substitute default option designated by the Board when it removes the affected fund. The substitute default option may (but need not be) a replacement fund with investment characteristics similar to the fund that is removed.

END OF ARTICLE VI

ARTICLE VII

Entitlement to Benefits

7.1 Retirement - Every Participant who is not disentitled by reason of prior Severance From Employment with the State, shall be deemed to have reached retirement upon the attainment of his or her 62nd birthday, or, if he or she remains in the employ of the State after such dates, the effective date of actual retirement. As of his or her Distribution Date, such retired Participant shall be entitled to the full value of this Accrued Benefit, payable according to the provisions of Article VIII.

7.2 Disability - If a Participant, at any time prior to retirement or other termination of employment with the State, shall become totally and permanently disabled, and if proof of such disability satisfactory to the Board shall be furnished (which proof shall include a written statement of a licensed physician appointed or approved by the State), such Participant, as of the Distribution Date, shall be entitled to the full value of his or her Accrued Benefit, payable according to the provisions of Article VIII. Total and permanent disability shall mean a medically determinable physical or mental impairment which can be expected to result in death or to last at least twelve months, and by reason of which the Participant will be prevented from performing his or her usual duties or any other similar duties available in the State's employment.

7.3 Death - In the event of the death of a Participant prior to his or her retirement, disability or other Severance From Employment then the full value of the Accrued Benefit shall become payable according to the provisions of Article VIII and IX to his or her designated Beneficiary.

7.4 Other Terminations - In the event of a Severance From Employment by a Participant for any reason other than retirement, disability or death, then, as of the Distribution Date, he or she shall become entitled to the full value of the Accrued Benefit, payable according to the provisions of Article VIII.

END OF ARTICLE VII

ARTICLE VIII

Distribution of Benefits

8.1 Amount - Upon reaching his or her Distribution Date, a Participant (or his or her Beneficiary) shall become entitled to receive his or her Accrued Benefit; provided, however, that any benefits shall be distributed only as provided in this Article. Determination of the amount to be distributed shall be based upon the value of the Accrued Benefit as determined under the provisions of this Plan. Any distribution based upon an amount invested in a Segregated Account shall be valued according to the valuation method adopted for the Segregated Account.

8.2 Method of Payment - The Board shall determine, in its discretion, whether the amount that a Participant has elected to receive, or is otherwise entitled to receive, shall be distributed in cash or in property valued at its fair market value, or partly in each. In accordance with the election procedure set forth in the next paragraph, the distribution shall be made in a lump sum, in a fixed (or estimated) number of installments, or by the purchase of a paid-up annuity contract for the Participant and/or the Beneficiary, or, subject to the consent of the Board, a combination of such methods of distribution.

Subject to the remaining provisions of this Article 8.2, and subject to such conditions and limitations as may be prescribed by the Board, the Participant shall have the right to elect the method by which his or her Accrued Benefit is to be distributed. In the absence of such election by the Participant, the method of distribution shall be determined by the Board. The election by the Participant must be in writing and filed with the Board prior to the date on which benefits are due to commence (for which purpose the purchase of an annuity contract shall be deemed to be a benefit commencement date). The election shall specify the portion of the account to be distributed, and/or the type and manner of installment payments.

Distribution of the Accrued Benefit of a Participant shall be subject to the following rules:

(a) Installment Payments - If all or any part of the distribution by the Trustees is to be in installments, the Participant shall determine (subject to paragraph(c)) the period over which such installments are to be paid and, in the discretion of the Board, payments shall be made monthly, quarterly, semiannually, annually, or otherwise. At the election of the Participant, but subject to such rules as may be established by the Board, the total to be so distributed shall either: (i) continue to be invested in those assets currently retained in the Trust, in which case any income, gain or loss attributable thereto shall be reflected in the installment distributions, in such equitable manner as the Trustees shall determine, or (ii) transferred to a

Segregated Account. The Participant may change his her installment election at any time, but the Board may impose rules that limit the frequency of such changes, so long as such rules allow a change in election at least once a year. No such change in payment election, however, is permitted for purchased annuities under Article 8.2(b).

(b) Annuity Options - If all or any part of the amount to be distributed shall be used to purchase a paid-up annuity contract, the Board shall select such form of contract (including a variable annuity) to be so purchased and such payment option thereunder as reflects the election made by the Participant, and the Board shall pay the premium of such contract to the issuing company. The Board shall direct that all right, title or interest in such contact shall remain within the Plan as a Segregated Account under the terms of the Plan and the Participant shall have no right, title or interest therein except to receive the payments therefrom as provided therein, and to change the Beneficiary from time to time; alternatively, the Board may direct that the contract shall be purchased in the name of the Participant and distributed to him free and clear of the Trust, in which case: (i) the contract shall be issued so as to be nontransferable, (ii) it shall not contain a death benefit in excess of the greater of the reserve or the total premiums paid for annuity benefits, and (iii) it shall not contain provisions that expand upon, change or eliminate any Plan provisions applicable to distributions in annuity form.

(c) Limitations - Any distribution shall be made only in accordance with regulations prescribed by the Internal Revenue Service and shall begin not later than the April 1 immediately following the calendar year (hereinafter referred to as the "Commencement Year") in which the Participant reaches age 70½ or in which he or she subsequently retires. Distribution in the form of installment payments or the purchase of an annuity policy shall be made over: (i) the life of the Participant; (ii) the lives of the Participant and his designated Beneficiary; (iii) a period certain not extending beyond the life expectancy of the Participant; (iv) a period certain not extending beyond the joint life and last survivors' expectancy of the Participant and his or her designated Beneficiary; or (v) any combination thereof. For this purpose life expectancies and the amount of distribution in a particular year shall be determined through use of actuarial tables required under applicable Internal Revenue Service regulations concerning minimum required distributions under section 401(a)(9).

(d) All distributions (including the amount of the distribution) shall comply with the minimum distribution rules of section 401(a)(9)(including the requirements of section 401(a)(9)(G)). Such distributions (including the amount of the distributions) shall comply with IRS Regulation 1.401(a)(9)-1 through 1.401(a)(9)-8. The amount of the distribution shall be calculated by use of the non-spousal beneficiary table provided in the regulations, unless the Participant is eligible to elect, and does elect, the spousal beneficiary method. The provisions of section 401(a)(9) and applicable regulations shall control the amount and timing of any distribution required under this section regardless of any other provision of this Plan.

8.3 Timing of Benefit Commencement - Unless the Participant otherwise elects pursuant to any elective provision which may be present in the plan, the payment of benefits under the Plan to each Participant will commence within a reasonable period of time after the last of the possible Distribution Dates, but in no event shall benefits begin later than April 1 after the end of the year in which occurs the latest of: (i) the date on which the Participant attains age 70½; or (ii) the Participant's Severance From Employment.

8.4 Special Provisions - Death Benefits - The following provisions shall govern the payment of death benefits following the death of a Participant:

(a) In all events minimum annual benefits shall be paid in accordance with section 401(a)(9) and applicable regulations.

(b) Upon the death of a Participant prior to receipt of all of his or her benefits under this Plan, the entire remaining value of the Accrued Benefit shall be paid to the person or person designated in accordance with Article IX.

(c) If the Participant dies prior to the required beginning date of the minimum distributions under section 401(a)(9), distributions to the Beneficiary shall begin by payment of the required minimum distribution on or before December 31st of the year after the year of the Participants death. Such distributions shall continue annually over the life expectancy of the Beneficiary under methods and amounts determined by applicable IRS regulations. The Beneficiary may take a lump sum of the required yearly minimum amount, or such designated monthly or quarterly amount that will in all events equal or exceed the required yearly minimum amount. In any year the Beneficiary may elect to receive additional amounts up to the then existing value of the Accrued Benefit.

(d) If the Participant dies prior to the required beginning date of minimum distribution under section 401(a)(9), and if the Beneficiary entitled to a payment affirmatively elects prior to receipt of a payment, and prior to December 31st of the year after the Participants death, not to receive an immediate distribution, no distribution will be required under Article 8.4(c), but in that event the entire Accrued Benefit must be distributed by December 31st coincident with or next following the fifth anniversary of the death of the Participant.

(e) If the Participant dies after the required beginning date of minimum distributions under section 401(a)(9) distributions to the Beneficiary in any calendar year shall be the minimum amount that would have been distributable to the Participant according to the life expectancy tables and other rules of section 401(a)(9).

(f) If the Beneficiary is the spouse of the Participant, the section 401(a)(9) required minimum distribution to the spouse must be made before the later of: (i) the December 31st of the year following the Participant's death; (ii) December 31st of the year in which the Participant would have turned 70 ½.

(g) In the event that a Participant dies with no designated Beneficiary, or if there is no designated Beneficiary by December 31st of the year following the death of the Participant, then: (i) if death of the Participant occurred before the required beginning date of section 401(a)(9) required minimum distributions, distribution of the entire Accrued Benefit shall occur on or before December 31st coincident with or next following the 5th anniversary of the death of the Participant, but; (ii) if death occurs after the required beginning date, distribution of the Accrued Benefit shall be made and distributed under applicable IRS regulation over a period measured by the life expectancy of the Participant at the time of his or her death.

(h) Nothing contained in this Article 8.4 shall prevent the purchase of, or distribution under, an annuity policy which meets the requirements of Article 8.2 or 8.4.

(i) If a deceased Participant was receiving benefits under an annuity option, and such annuity contains provisions for survivorship payments, such survivorship payments shall be made in accordance with the annuity contract. If a deceased Participant was to have received benefits under an annuity option, and death occurs prior to the competed purchase of an annuity by the Trustees, the entire amount which would have been utilized for such purchase shall be paid to the person or persons designated in accordance with Article VIII and IX.

(j) If the five year rule of Article 8.4(d) and section 401(a)(9)(B(iv) applies, the five year period will be determined without regard to calendar year 2009.

8.5 Benefits on Termination of Employment - Payment of benefits to a Participant shall begin within a reasonable period of time following his or her Severance From Employment unless the Participant (subject to the minimum distribution rules of section 401(a)(9))elects to defer distribution to a later date. A failure to request payment of benefits shall constitute such an election. Prior to the commencement of benefits, the Accrued Benefit of a Participant whose benefits are deferred shall continue to be invested according to the elections last made by the Participant, and such Participant shall continue to have full rights to designate his or her investments as if he or she were still employed. No such failure to make an affirmative election to request payment of benefits shall postpone distribution beyond the latest date to begin distribution under Article 8.3 hereof.

8.6 In-Service Withdrawals and Distributions - Any Participant who has not severed his or her employment with the State may withdraw from his or her Rollover Account of Article 5.8 hereof any amount not in excess of the value of the Account. The Board shall have the right to determine the date or dates as of which withdrawals will be permitted, but at least one such withdrawal date shall be provided in any Plan Year; regardless of the number of withdrawal dates which are so provided, an individual Participant shall not be permitted to make more than one withdrawal in any Plan Year without the consent of the Board.

8.7 Rollovers from the Plan - Any Participant may elect to have any Eligible Rollover Distribution transferred directly to an Eligible Retirement Plan specified by him or her. The administrator of the Plan shall provide such notices to Participants of their rights under this section as are required by the Internal Revenue Code.

8.8 Beneficiary Rollovers – A non-spouse Beneficiary who is a designated beneficiary under §401(a)(9)(E) may direct a direct rollover by trustee to trustee transfer of all or any portion of the account to an individual retirement account the Beneficiary establishes for purposes of receiving the Distribution.

8.9 Distributions to Alternate Payees – An Alternate Payee who receives or maintains an account under this Plan may elect to receive a distribution from the account at any time. An Alternative Payee may also elect a direct Rollover by trustee to trustee transfer of all or any portion of the account to an individual retirement account.

8.10 Distribution and Military Benefits – A person eligible for Military Benefits under Article XVIII shall have his or her right to receive distributions determined under the provision of Article XVIII.

END OF ARTICLE VIII

ARTICLE IX

Beneficiaries, Alternate Payees and Participant Data

9.1 Designation of Beneficiaries - Each Participant from time to time may designate any person or persons (who may be named contingently or successively) to receive such benefits as may be payable under the Plan upon or after his or her death, and such designation may be changed from time to time by the Participant by filing a new designation. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Board, and will be effective only when filed in writing with the Board during his or her lifetime. A Beneficiary that has an account in the Plan because of the death of a Participant, or an Alternate Payee maintaining an account with the Plan under the terms of a Domestic Relations Order, may also designate a Beneficiary under the provisions of this Article. If the Beneficiary or Alternate Payee does not make such a designation and dies before the account is fully distributed, any remaining value of the account shall be paid to his or her estate.

A person may designate a trust or other entity as a beneficiary. In order to claim benefits under such a designation, the trust or entity must be in existence at the time of the designation, or be a trust created by the Participant's last will and testament.

In the absence of a valid Beneficiary designation (except in conjunction with the election of a form of benefit payment which does not require the designation of a specific Beneficiary), or if, at the time any benefit payment is due to a Beneficiary, there is no living Beneficiary eligible to receive the payment, validly named by the Participant, the Board shall distribute any such benefit payment to the Participant's spouse, if then living, otherwise to the Participant's then living descendants, if any, per stirpes, otherwise to the Participant's then living parent or parents, equally, otherwise to the Participant's estate. In determining the existence or identity of anyone entitled to a benefit payment, the Board may rely conclusively upon information supplied by the Participant's Personal Representative. In the event of a lack of adequate information having been supplied to the Board, or in the event that any question arises with respect to any such payment, then, notwithstanding the foregoing, the Board, in its sole discretion, may distribute such payment to the Participant's estate without liability for any tax or other consequences which might flow therefrom.

9.2 Alternate Payees – The restrictions on transfer of the account of a Participant or Beneficiary do not apply to transfers pursuant to a court domestic relations order that is authorized by the Internal Revenue Code and Maryland law. The Administrator may divide or transfer the account according to the terms of such an order and the administration of the new account created by the court order shall be governed by the terms of the Plan. The Alternate Payee may elect to receive a distribution from the account, or to continue to maintain an account under the Plan, but in all events shall be subject to the provisions of Section 401(a)(9) and the provisions of Article VIII.

9.3 Information to be Furnished by Participant and Beneficiaries - Any communication, statement or notice addressed to a Participant, Beneficiary or Alternate Payee at his or her last post office address filed with the Administrator, or if no such address was filed the last post office address filed with the Administrator, or if no such address was filed with the Administrator, then at the last post office address as shown on the State's records as Employer, shall be binding on such person for all purposes of the Plan. If the Board notifies any Participant, Beneficiary or Alternate Payee, or former Participant that he or she is entitled to an amount under the Plan and the Participant or Beneficiary fails to claim such amount or make their location known to the Board within three years thereafter, then the Board may: (a) direct distribution of such amount to any one or more or all of the next of kin of the Participant, and in such proportions as the Board may determine, or; (b) pay over such funds due a known Participant or Beneficiary to the administrator of the Maryland Unclaimed Property Unit, to be held by the State for such person until he or she can be found. The Board shall not be liable to any person for payment made in accordance with such escheat or unclaimed property law. Such amounts distributable to the Unclaimed Property Unit may be distributed in advance of the three year period if the Administrator has made reasonable efforts to locate such person.

END OF ARTICLE IX

ARTICLE X

The Trust Fund

10.1 Investment of Funds - All contributions under the Plan shall be paid to the Board of Trustees of the Plan and deposited in the Trust. Such contributions, all investments made therewith and proceeds thereof, and all earnings and profits thereon, less the authorized disbursements therefrom, shall constitute the Trust, which Trust, and any agreement under which it is maintained, shall in all respects constitute a part of the Plan. The State of Maryland, acting as Employer, reserves the right to select, and from time to time to change, the Trustees, as provided in Title 35 of the State Personnel & Pensions Article, or any amendment thereto. The Board reserves the right to amend the Trust, or to create separate or additional trusts and by express appointment designate additional trustees of such entities, or to create and administer master or group trusts that hold assets of this and other tax qualified plans, or other plans permitted to participate in group trusts under the Internal Revenue Code.

10.2 Prohibition Against Diversion of Funds - It shall be impossible by operation of the Plan or Trust, by natural termination of either, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by other means, for any part of the corpus or income of the Trust, or any funds contributed thereto, to inure to the benefit of the State or otherwise be used for or diverted to purposes other than providing benefits to Participants and Beneficiaries and defraying reasonable expenses of administering the Plan.

10.3 Separate Investment Funds - The Board shall establish and maintain separate investment funds, and shall allocate the assets of the Trust among such funds pursuant to the investment category designations of the Participants described in Article 6.7, and in accordance with the following:

(a) The Board may select for Participant designation such investment funds as it deems appropriate, including regulated investment companies, annuity or investment contracts, real estate investment trusts, exchange traded funds or funds or common investment pools composed of stocks or bonds, whether such funds are managed by the Board itself or other entities selected by the Board to perform said function, and whether or not such investment funds are generally available to the public. In holding title to such investments the Board may use such vehicles as a Master Trust that allows for collective investment by one or more pension plans.

(b) The Board may also offer for Participant election a Stable Value fund, which shall be an investment pool primarily designed to provide preservation of capital and liquidity, and the maximization of current income consistent with these objectives, through investment primarily in annuity contracts with fixed duration, or other investment vehicles having similar provisions, such as separate account contracts, or book value wrapper contracts.

(c) The Board, without necessity of Plan amendment, may change the number and type of investment funds available for Participant selection, may add additional funds, and may limit or terminate the availability of, or modify the investment policy of, any separate investment fund, and/or terminate the availability of separate investment funds entirely (in which case the plan shall be administered without regard to the provisions of this Articles 6.7 and10.4 providing for Participant designation).

(d) The investment policy described in Section 10.4(a) for each investment fund shall not be interpreted to restrict the types of investments that may be held in such funds from time to time.

(e) Notwithstanding any provision in Section 6.2 to the contrary, the assets of each investment fund or designated option shall be invested and administered separately and the income, gains, expenses and losses shall be determined separately for each fund. The Board shall charge to each separate investment fund all costs, expenses, taxes or other charges which are separately identifiable as attributable to that investment fund. To the extent that any such charges or any portion thereof shall not be separately identifiable, in whole or in part, the Board shall allocate such charges among any two or more of the funds in any reasonable manner that is equitable to all Participants. In accounting for such expenses the Board may provide for reasonable methods of crediting to Participants such amounts as are returned to the Trust from a fund as a reduction of expenses, including crediting such amounts to: (i) all Participants, or; (ii) only those Participants participating in the particular investment option that generates the reduced expense.

(f) To the extent necessary and to give effect to any new Participant investment category designations, adjustment of the relative balances in the separate investment funds may be accomplished either by transfer of any of the assets of any fund to any of the other funds, or by the liquidation of any of the assets of a fund and the transfer of the cash received upon such liquidation to any of the other funds, as may be determined by the Board to be appropriate.

(g) In the event that the trust receives an amount attributable to a particular past period of investment in a particular fund, the Board may allocate such amount among participants in the manner that it determines to be fair and equitable, taking into account the expense of allocating a re-distribution to former Participants. Thus, after considering facts and circumstances relating to the received amount, the Board may elect to: (i) credit such amount to all current participants in proportion to the size of their account, or as a per capita amount, or (ii) credit such amount to the present and former Participants that actually invested in the option generating the payment, or (iii) credit such amount or the expenses of plan administration.

(h) Notwithstanding any other provision of the Plan, neither the Board nor any individual member, nor the State, nor any other person who may be a fiduciary with respect to the Plan shall have any liability, fiduciary or otherwise, for any loss arising from or as a result of any investment designation by the Participant pursuant to Article 6.7, or from the inability of the Participant to change his investment category designation until the next Designation Date or by reason of the inability to make a change in designation on any particular date, and all such persons are specifically absolved of any statutory, judicial, legal or other responsibility with respect thereto (including any responsibility to determine the appropriateness of any individual Participant’s investment designations). Nothing in this provision is intended to eliminate, lessen or restrict any liability of any such person under State Personnel & Pensions Article §21-208.

END OF ARTICLE X

ARTICLE XI

Administration

11.1 Administrative Authority - Except as otherwise specifically provided herein, the Board shall have the sole responsibility for and the sole control of the operation and administration of the Plan, and shall have the power and authority to take all action and to make all decisions and interpretations which may be necessary or appropriate in order to administer and operate the Plan, including, without limiting the generality of the foregoing, the power, duty and responsibility to:

(a) Resolve and determine all disputes or questions arising under the Plan, including the power to determine the rights of Employees, Participants and Beneficiaries, and their respective benefits, and to remedy any ambiguities, inconsistencies or omissions.

(b) Adopt such rules of procedure as in its opinion may be necessary for the proper and efficient administration of the Plan and are consistent with the Plan.

(c) Implement the Plan in accordance with such rules.

(d) Decide upon the eligibility of any Employee as a Participant, and the crediting and distribution of a Participant's interest in the Trust.

11.2 Administration - The Plan shall be operated and administered on behalf of the Board by an Administrator. The Administrator shall be governed by the following:

(a) In the absence of a specific designation to the contrary by the Board, and subject to the power to delegate pursuant to this Section, the Administrator shall be the Executive Secretary of the Board and his or her staff. Except as the Board shall otherwise expressly determine, the Administrator shall have full authority to act for the Board before all persons in any matter directly pertaining to the Plan, including the exercise of any power or discretion otherwise granted to the Board pursuant to the terms of the Plan, other than the power to amend or terminate the Plan, to determine State contributions, to exercise authority to direct the Board with respect to investment of the Trust, to affect the employer-employee relationship between the State and any Employee, and to retain and/or discharge any separately appointed Trustees, all of which powers are reserved to the Board unless expressly granted to the Administrator. Fiduciary duties, powers and responsibilities may be allocated among the fiduciaries (if there be more than one) to whom such duties, powers and responsibilities have been delegated, so long as such allocation is pursuant to action of the Board or by written agreement executed by the involved fiduciaries and approved by the Board, in which case, no such fiduciary shall have any liability, with respect to any duties, powers or responsibilities not allocated to him, for the acts or omissions of any other fiduciary. Any person may serve in more than one fiduciary capacity under the Plan, including those of Administrator and Trustee.

(b) The Administrator may appoint any persons or firms, or otherwise act to secure specialized advice or assistance, as he or she deems necessary or desirable in connection with the administration and operation of the Plan; the Administrator shall be entitled to rely conclusively upon, and shall be fully protected in any action or omission taken by it in good faith reliance upon, the advice or opinion of such firms or persons. The Administrator shall have the power and authority to delegate from time to time by written instrument all or any part of his or her duties, powers or responsibilities. Any action of such person in the exercise of such delegated duties, powers or responsibilities shall have the same force and effect for all purposes hereunder as if such action had been taken by the Administrator. Further, the Administrator may authorize one or more persons to execute any certificate or document on behalf of the Administrator, in which event any person notified by the Administrator of such authorization shall be entitled to accept and conclusively rely upon any such certificate or document executed by such person as representing action by the Administrator until such third person shall have been notified of the revocation of such authority. The Administrator shall not be liable for any act or omission of any person to whom the Administrator's duties, powers or responsibilities have been delegated, nor shall any person to whom any duties, powers or responsibilities have been delegated have any liabilities with respect to any duties, powers or responsibilities not delegated to him, except to the extent required by the relevant provisions of the State Personnel & Pensions Article, or the State Government Article, providing for liability of public officials and indemnity therefore.

(c) All representatives of the Board, its staff, or other persons to whom they delegate responsibility, shall use ordinary care and diligence in the performance of their duties pertaining to the Plan, but, except to the extent required by law, no such individual shall incur any liability: (i) by virtue of any contract, agreement, bond or other instrument made or executed in their official capacity with respect to the Plan, (ii) for any act or failure to act, or any mistake or judgment made, in their official capacity with respect to the Plan, unless resulting from gross negligence or willful misconduct, or (iii) for the neglect, omission or wrongdoing of any other person involved with the Plan. Such persons shall be entitled to the indemnification provisions of Maryland law for the effects and consequences of their acts, omissions and conduct in their official capacity with respect to the Plan, except to the extent that such effects and consequences shall result from their own willful misconduct or gross negligence. If any matter arises as to which an individual is entitled to indemnity hereunder, the indemnitees shall give the Board or the State, as the case may be, prompt written notice thereof. The Board, at its own expense, shall then take charge of the disposition of the asserted liability, including compromise or the conduct of litigation. The indemnitees may, at their own expense, retain their own counsel and share in the conduct of any such litigation, but the failure to do so shall not adversely affect his or her right to indemnity.

(d) The Plan may purchase, as an expense of the Plan, liability insurance for the Plan and/or for its fiduciaries to cover liability or losses occurring by reason of an act or omission of a fiduciary. Any fiduciary may purchase, from and for his or her own account, insurance to protect against liability in the event of a breach of fiduciary duty.

(e) Nothing in the Plan shall be construed so as to prevent any fiduciary from (i) receiving any benefit to which he or she may be entitled as a Participant or Beneficiary, or: (ii) receiving any reasonable compensation for services rendered, or for the reimbursement of expenses properly incurred in the performance of his duties under the Plan (except that no person so serving who receives compensation as an Employee shall receive compensation from the Plan, except for reimbursement of expenses properly incurred), or (iii) serving as a fiduciary in addition to being an officer, employee, agent or other representative of the State or any related entity.

11.3 Uniformity of Discretionary Acts - Whenever in the administration or operation of the Plan discretionary actions by the Employer, the Administrator or the Board are required or permitted, such action shall be consistently and uniformly applied to all persons similarly situated.

The sole criterion for determining whether or not, pursuant to any applicable provision of the Plan, the Board exercises its discretion to transfer all or any part of a Participant's Accrued Benefit to a Segregated Account shall be whether the Board determines it to be in the best interests of the Participant to insulate such Accrued Benefit from fluctuations in market value of Trust assets, and the Board shall have no liability by reason of any increase in market value in which the funds transferred to the Segregated Account do not share.

11.4 Fiduciary Standards - The Administrator and all other persons in any fiduciary capacity with respect to the Plan shall discharge their duties with respect to the Plan: (i) solely in the interest of the Participants and Beneficiaries and for the exclusive purposes of providing benefits to Participants and their Beneficiaries and defraying reasonable expenses of administering and operating the Plan, (ii) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims and (iii) in accordance with the statutes, documents and instruments governing the Plan.

11.5 Litigation - In any action or judicial proceeding affecting the Plan and/or the Trust, it shall be only necessary to join the Board as a party. Except as may be otherwise required by law, no Participant or Beneficiary shall be entitled to any notice or service of process, and any final judgment entered in such action shall be binding on all persons interested in, or claiming under, the Plan.

11.6 Payment of Administration Expenses - Expenses incurred in the administration and operation of the Plan shall be paid by the Trustees out of the Trust. In allocating such expenses among the accounts within the Trust, the Board may calculate same as a percentage of a Participant's deferred salary, or account value in or at the end of any period or year (including assessment as part of any daily valuation system), or as a sum in dollars assessed upon the status and/or value of a Participant's Account as of the closing date for statements of such account. In allocating such expenses the Board need not assess the same charge or type of charge against every account, but may establish different charges based on the size of the account, the investment option the Participant has selected, or the type and number of transactions with respect to an individual Participant. The Board, in its discretion, may adopt methods under which Participants can elect to pay directly (rather than through reduction of account values or by deferral of salary) their proportionate share of Plan Administration expense.

11.7 Statements of Account - Statements of each Participant's account shall be furnished to each Participant at least quarterly, and at such more frequent intervals as determined by the Board.

11.8 Plan Statements - Within 90 days after the end of the year the Administrator, or such other person or entity as is from time-to-time designated by the Board, shall file with the Board a written report of the assets of the Plan, a schedule of all receipts and disbursements, and a report of all material transactions of the Plan during the preceding year. The report shall be in such form and contain such other information as the Board shall determine.

11.9 Board Records - The Board's records, and any records of the Administrator pertaining to a Participant's account, shall be open to inspection during normal business hours by a Participant or his or her designated representative.

11.10 Claims Procedure - In the event that any Participant or Beneficiary (hereinafter referred to as the "Claimant") believes that he or she is entitled to a benefit under the Plan, and such benefit has not been paid or commended, or if such benefit has been paid or commenced under terms or in an amount with which the Claimant is not is agreement, said Claimant shall have the right to file a written claim with the Board setting forth the reason he or she believes they are entitled to the benefit, or setting forth the nature of the dispute with the terms or amount of the benefit, as the case may be. Such claim shall be delivered or mailed to the Board, to the attention of its Executive Secretary.

Unless it is determined that the matter is to be resolved in accordance with the wishes of the Claimant as set forth in the claim, the Administrator shall provide the Claimant with a written notice setting forth the specific reason or reasons for the denial and the Plan provisions on which it is based. If the Claimant desires further review, the Claimant shall, within 60-days, file with the Administrator a written objection to the decision. The Administrator shall then appoint a designated person from Board staff to decide upon the Claimant's objection. The Claimant shall have the right to meet with the designated staff person to explain the claim, and present additional written material in support of the claim. The designated staff person shall decide the validity of the claim and shall provide a written notice of the decision to the Claimant. Once such decision has been made the Claimant may appeal the decision of the staff member to the Board by filing a written claim with the Executive Secretary of the Board; but no such claim shall be heard by the Board unless a majority of members present at a duly held meeting of the Board vote to hear the claim. If the Board votes to hear the claim it shall establish the procedures for determining the claim at the same time it authorizes the appeal. Any reference herein to the "Claimant" shall be deemed to include any person named by the Claimant as his or her duly authorized representative, provided that such representative delivers to the Employer a written power of attorney or otherwise satisfies the Employer that he or she has been duly authorized to act for the Claimant.

END OF ARTICLE XI

ARTICLE XII

Amendment

12.1 Right to Amend - The Board shall have the right to amend the Plan in writing, at any time, and with respect to any provisions thereof (subject to the provisions of Article10.2 and Article 6.5), and all parties thereto or claiming any interest thereunder shall be bound thereby. No amendment can be made that modifies or limits the requirement that Plan assets be held for the exclusive benefit of Participants and their Beneficiaries. All amendments shall become effective on the first day of the month following the giving of not less than 30 days prior notice of the amendment. Notice shall be deemed given when the amendment is posted in the office of the Administrator and the office of the Secretary to the Board. The Board shall notify each participant at the time he or she receives his or her statement of account values if the Plan has been amended during the preceding statement period.

12.2 Amendment Required by Federal Law - Notwithstanding the provisions of Article 12.1, the Plan and Trust may be amended at any time, retroactively if required, if found necessary in order to conform to the provisions and requirements of the Internal Revenue Code, or any similar act or any amendments thereto or regulations promulgated thereunder; no such amendment shall be considered prejudicial to any interest of a Participant or Beneficiary hereunder.

END OF ARTICLE XII

ARTICLE XIII

Termination

13.1 Right to Terminate - It is the present intention of the State to maintain the Plan. Nevertheless, the State, acting through the Board, or by passage of statutory amendment duly enacted under law, reserves the right, at any time, to terminate its obligation to allow contributions to be made to the Trust or to terminate the entire Plan and may do so by amending or repealing the statutes authorizing the Plan. In the event of termination, provisions in this Plan that require 100% vesting of all Accrued Benefits and Accounts shall continue without alteration.

13.2 Suspension of Contributions - In the event that contributions under the Plan are suspended, the Board shall continue all aspects of the Plan, other than contributions during the period of suspension, in which event distributions will be made, as each Participant reaches his Distribution Date, in accordance with ARTICLE VIII.

13.3 Allocation and Distribution - This Section shall become operative in any of the following events: (a) a complete termination of liability to make further contributions to the Trust; (b) a complete discontinuance of contributions to the Trust; (c) a suspension of contributions to the Trust which ripens into a complete discontinuance of contributions; or (d) a complete termination of the Plan. The provisions of this Section shall also become applicable in the event of a partial termination of the Plan, but only with respect to that portion of the Plan attributable to the Participants to whom the termination is applicable. Upon the effective date of any such event, then, notwithstanding any other provisions of the Plan, no persons who were not theretofore Participants shall be eligible to become Participants. The value of the interests of all Participants and Beneficiaries shall be determined and, after deduction of estimated expenses in liquidating and distributing the Trust, distributed to them as soon as is practicable after such termination.

As an alternative to immediate distribution of the Trust, the Board, in its discretion, and subject to its option at any time to require the complete distribution of the Trust to the then Participants, may defer commencement of benefits to each Participant until such Participant reaches his Distribution Date, at which time the Participant shall have the same powers to direct the Trustees in making payments as are contained in Article 8.2.

The provisions set forth in this Section shall be subject to such modification, retroactively if required, without necessity of formal amendment to the Plan, as may be necessary in order to cause the termination of the Plan and/or Trust, and any distributions made pursuant thereto, to conform to any requirements which may be imposed by the Internal Revenue Service to prevent disqualification of the Plan and/or Trust, and no such modification shall be deemed prejudicial to the interest of any Participant or Beneficiary.

13.4 Plan Combinations and Transfers - In the case of any merger or consolidation of the Plan with, or transfer of assets or liabilities of the Trust to, any other Plan, the transaction shall be structured so that each Participant in the Plan would (if the Plan then terminated) receive a benefit immediately after the transaction which is at least equal to the benefit he would have been entitled to receive immediately before the transaction (if the Plan had then terminated).

END OF ARTICLE XIII

ARTICLE XIV

Trust Provisions

14.1 Declaration of Trust - All funds held under this Plan are held in trust for the exclusive benefit of the Participants and their Beneficiaries, to be held and administered according to the terms of this Plan and Trust. No provision of this Plan and Trust, including the reserved power of amendment, may allow any portion of the Trust to be used for any purpose other than the exclusive benefit described herein.

14.2 Trustees - The Trustees of the Trust Fund created hereunder are the individual members appointed and serving as Trustees of the Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans, the governmental body created under Title 35 of the State Personnel & Pensions Article of the Maryland Code. No individual Trustee shall have any power over the Trust Fund, any portion thereof, or asset held therein, other than such power as is delegated to him or her by the Board as a whole. Each Trustee shall have the authority, responsibility and power (including the power to delegate responsibility) as set forth in Title 35 and Title 21, Subtitle 2 of the State Personnel & Pensions Article of the Maryland Code. The Trustees shall determine any matter with respect to the Plan and Trust by majority vote of the individuals then serving as Trustees under the provisions of State Personnel & Pensions Article 35-202.

14.3 Identification of Funds, Pooled Investments and Transactions with the State - The Trustees, in their management of the Trust funds, shall sufficiently identify each account, investment, share, bond, contract or other investment asset so that it can at all times be identified as an asset of this Trust, and so that the interest of each Participant in the Trust can be determined. This requirement shall not prevent: (a) the maintenance of accounts for future Plan administration expense with the State; (b) the use by the Trustees of common, group or collective trust vehicles as authorized under Revenue Ruling 81-100, Revenue Ruling 2011-1, and applicable provisions of the Internal Revenue Code; (c) the use of such common, group or Master Trust arrangements with other plans under the authority of the Board, or; (d) the delegation of authority (and consequent transfer of trust funds to) a Trustee or Trustees separate and distinct from themselves, such as a bank or Trust Company authorized by law to maintain Trust investments. Use of any such vehicles or Trustees shall not lessen or increase the fiduciary responsibility of the Board members/Trustees under Maryland law to ensure that the interests of the Participants and Beneficiaries are protected, and adequately accounted for.

14.4 Investment Powers - The Trustees shall have the authority set forth in Article X to select the investment options under this Plan that are available for Participant selection. To the extent that funds come into their hands that are not currently allocable to a Participant directed account, the Trustees shall have full authority to invest such sums in any type of investment authorized for Participants under this Plan, subject to relevant standards of fiduciary responsibility under State Personnel & Pensions Article Title 21, Subtitle 2.

END OF ARTICLE XIV

ARTICLE XV

Miscellaneous

15.1 Limitations on Liability of Employer - Neither the establishment of the Plan or Trust nor any modification thereof, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as giving to any Participant or other person any legal or equitable right against the State (or any person connected therewith), the Trustees or any insurance or investment company, except as provided by law or by any Plan provision. Neither the State nor the Board in any way guarantees the Trust from loss or depreciation, nor does the Board guarantee the payment of any money which may be or become due to any person from the Trust. Any person having a right or claim under the Plan shall look solely to the Trust assets, and in no event shall the State or the Board (or any person connected therewith) be liable to any person on account of any claim arising by reason of the provisions of the Plan or of any instrument or instruments implementing its provisions, or for the failure of any Participant, Beneficiary or other person to be entitled to any particular tax consequences with respect to the Plan, the Trust or any contribution thereto or distribution therefrom. Neither the State nor the Board shall be liable to any person for failure on its part to make contributions, nor shall any action lie to compel such contributions. Neither the State nor the Board (or any person connected therewith) shall have any liability to any person by reason of the failure of the Plan to attain and/or maintain qualified status under section 401(a) of the Internal Revenue Code, or the failure of the Trust to attain and/or maintain tax exempt status under Section 501(a) of the Internal Revenue Code, regardless of whether or not such failure is due to any act or omission (willful, negligent or otherwise) of the Board (or any person connected therewith).

15.2 Construction - The Plan is intended to comply with all requirements for qualification under section 401(a) of the Internal Revenue Code and, if any provision of the Plan is subject to more than one interpretation or construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with the Plan being so qualified. When the word "section" is used in this Plan, the reference is to (unless clearly required otherwise by the context) the applicable section of the United States Internal Revenue Code then in effect. In case any provision of the Plan shall be held to be illegal or void, such illegality or invalidity shall not affect the remaining provisions of the Plan, but shall be fully severable, and the Plan shall be construed and enforced as if said illegal or invalid provisions had never been inserted herein. For all purposes of the Plan, where the context admits, words in the masculine gender shall include the feminine and neuter genders, the singular shall include the plural, and the plural shall include the singular. Headings of Article and Sections are inserted only for convenience of reference and are not to be considered in the construction of the Plan. Except to the extent preempted by federal law, the laws of Maryland shall govern, control and determine all questions arising with respect to the Plan and the interpretation and validity of its respective provisions. If the indefinite continuance of the Plan would be in violation of the law, then the Plan shall continue for the maximum period permitted by law and shall then terminate, whereupon distribution of the Trust shall be made as provided in Section 13.3 hereof. Participation under the Plan will not give any Participant the right to be retained in the service of the State nor any right or claim to any benefit under the Plan unless such right or claim has specifically accrued hereunder.

15.3 Anti-Alienation – Subject to the provisions of Article 9.2 no portion of any account or benefit, or interest of a Participant or Beneficiary in the Trust Fund, may be sold, transferred, assigned, pledged, charged or used as collateral; and no such account or interest shall be subject to attachment or seizure by a creditor, including the State of Maryland acting as a creditor.

END OF ARTICLE XV

ARTICLE XVI

Military Benefits

16.1 Differential Wage Payments – Any individual receiving a Differential Wage Payment, as defined by Section 3401(k)(2) shall be treated as an Employee, and the Differential Wage Payment shall be treated as Compensation.

16.2 Military Benefits for Participants – Benefits and contributions for Participants eligible for Military Benefits under USSERA and the Heart Act shall be governed by the terms of this Plan, except as modified by this Article. It is the intention of this Article that if a Participant is entitled to greater Military Benefits under the terms of these statutes, such additional right of contribution or distribution is available for this Participant under this Plan.

16.3 Contributions During Qualified Military Service - Service under this Plan includes any qualified military service the Plan must credit for contributions and benefits in order to satisfy the crediting of Service requirements of Code §414(u). A Participant whose employment is interrupted by qualified military service under Code §414(u) or who is on a leave of absence for qualified military service under Code §414(u) may elect to make additional Salary Reduction Contributions upon resumption of employment with the Employer equal to the maximum Deferral Contributions that the Participant could have elected during that period if the Participant's employment with the Employer had continued at the same level of Compensation without the interruption of leave, reduced by the Deferral Contributions, if any, actually made for the participant during the period of the interruption or leave. This right applies for five years following the resumption of Employment (or, if sooner, for a period equal to three times the period of the interruption or leave). The Employer shall make appropriate makeup Non-elective Contributions and Matching Contributions for such a Participant as required under Code §414(u). The Plan shall apply the limitations of Article V to all Deferral Contributions under this paragraph with respect to the year to which the Deferral Contribution relates.

16.4 Distributions During Military Service – For purposes of distributions to an individual in the uniformed services, such individual will be treated as incurring a Severance From Employment during any period the individual is performing service in the uniformed services described in Code §3491(h)(2)(A). However, the plan will not distribute the benefit to such an individual without that individual's consent, so long as the individual is receiving differential wage payments.

If an individual elects to receive a distribution under this provision, the individual may not make an elective deferral or employee contribution during the 6-month period beginning on the date of the distribution.

16.5 Post-Severance Compensation – An individual receiving Post-Severance Compensation and who had a Severance From Employment because of Qualified Military Service may contribute these amounts to the Plan to the extent that the individual would have received these amounts if the individual had not had a Severance From Employment.

END OF ARTICILE XVI

IN WITNESS WHEREOF, this Plan is executed this 12th day of December 2011.

THE STATE OF MARYLAND

By: Michael T. Halpin (SEAL)
Michael T. Halpin
Executive Secretary of the Board
Pursuant to Resolution of the Board

Adopted Dec. 12, 2011