

THE STATE OF MARYLAND
TAX SHELTERED ANNUITY 403(B) PLAN
As Amended Effective January 1, 2023

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

It is hereby

RESOLVED that:

Amendment to the State of Maryland Deferred Compensation Plan and Trust (the “457(b) Plan”):

1. The 457(b) Plan is AMENDED by deleting Article V, Section 5.1, Paragraph (d) in its entirety and inserting in lieu thereof Article V, Section 5.1, Paragraph (d) on Exhibit A attached hereto.

Amendments to the State of Maryland Savings and Investment Plan and Trust (the “401(k) Plan”):

2. The 401(k) Plan is AMENDED by deleting Article V, Section 5.1, Paragraph (a)(ii) in its entirety and inserting in lieu thereof Article V, Section 5.1, Paragraph (a)(ii) on Exhibit B attached hereto.
3. The 401(k) Plan is further AMENDED by deleting Article V, Section 5.6, Paragraph (b) in its entirety and inserting in lieu thereof Article V, Section 5.6, Paragraph (b) on Exhibit B attached hereto.

Amendment to the State of Maryland 403(b) Tax Deferred Annuity Plan (the “403(b) Plan”):

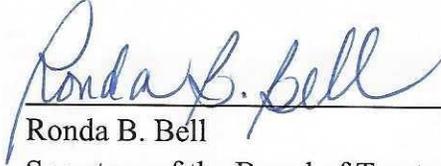
4. The 403(b) Plan is AMENDED by deleting Article V, Section 5.1, Paragraph (a)(ii) in its entirety and inserting in lieu thereof Article V, Section 5.1, Paragraph (a)(ii) on Exhibit C attached hereto.

Effective Date of the Plan Amendments:

5. The effective date of each amendment is January 1, 2023; and be it

FUTHER RESOLVED, that the Executive Director and Secretary of the Board of Trustees, in consultation with Nationwide Retirement Solutions, Inc., the Plan Administrator and Recordkeeper of the Plans, is authorized, directed, and empowered to take all such actions deemed necessary and appropriate to carry out the intents and purposes of the foregoing resolution and amendments, the taking of such actions to provide conclusive evidence of such determination.

I, Ronda B. Bell, Executive Secretary of the Board of Trustees of the Maryland Teachers & State Employees Supplemental Retirement Plans, CERTIFY that the foregoing Resolution was adopted by the Board of Trustees at a duly held meeting on May 23, 2022 by unanimous vote of a quorum of the Board of Trustees.

A handwritten signature in blue ink that reads "Ronda B. Bell". The signature is written in a cursive style and is positioned above a horizontal line.

Ronda B. Bell

Secretary of the Board of Trustees of the
Maryland Teachers & State Employees
Supplemental Retirement Plans

State of Maryland 403(b) Tax Deferred Annuity Plan

The State of Maryland 403(b) Tax Deferred Annuity Plan, amended and restated, effective January 1, 2012, and further amended, effective October 1, 2014, and further amended, effective January 1, 2020 (the "Plan"), is hereby further amended, effective January 1, 2023, to make certain non-substantive and non-mandatory changes to the distribution of excess deferrals provisions of Article V of the Plan in connection with amendments being made to the State of Maryland 457(b) Deferred Compensation Plan and Trust and State of Maryland 401(k) Savings and Investment Plan and Trust as of the same effective date.

ARTICLE V

Contributions

5.1 **Compensation Deferral Account**

(a) **Amount of Elective Deferrals**

(ii) **Limitations** - Notwithstanding the foregoing, the Board shall limit the amount which may be contributed by any Participant to the extent necessary to assure that the Participant's total deferrals in any calendar year do not exceed the Applicable Dollar Amount for the year such deferrals occur. The Board shall also have the right to distribute to the Participant, not later than the April 15th following the calendar year to which the deferral is attributable, any contributions in excess of the aforesaid limit, adjusted for any income or loss in value, if any, allocable thereto. In making the determination whether contributions are in excess of the aforesaid limit, the Board and its Administrator shall take into account contributions made by the Participant to this Plan and any other Plans or arrangements described in sections 401(a), 401(k), 408(k), 408(p) and 403(b) of the Internal Revenue Code. In making this determination the Board shall rely on: (A) amounts disclosed to the Administrator by the Participant; (B) amounts disclosed to the Administrator by payroll units of the Employer.

THE STATE OF MARYLAND
TAX SHELTERED ANNUITY 403(B) PLAN
As Amended Effective January 1, 2020

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

It is hereby

RESOLVED that:

Amendment to the State of Maryland Deferred Compensation Plan (the “457 Plan”):

1. The 457 Plan is AMENDED by deleting Article VII in its entirety and inserting in lieu thereof Article VII on Exhibit A attached hereto.

Amendments to the State of Maryland Savings and Investment Plan (the “401(k) Plan”):

2. The 401(k) Plan is AMENDED by deleting Article VII in its entirety and inserting in lieu thereof Article VII on Exhibit B attached hereto.

Amendments to the State of Maryland Tax Sheltered Annuity 403(b) Plan (the “403(b) Plan” together with the 457 Plan, and the 401(k) Plan, the “Plans,” and also each, individually referred to as a “Plan”):

3. The 403(b) Plan is AMENDED by deleting Article VII in its entirety and inserting in lieu thereof Article VII on Exhibit C attached hereto.

Effective Dates of the Plan Amendments:

4. The effective date of the amendments set forth of the Plan Amendments shall be **January 1, 2020**, unless otherwise specifically stated therein.

FURTHER RESOLVED, that the Interim Executive Director and Secretary of the Board of Trustees, in consultation with Nationwide Retirement Solutions, Inc., the Plan Administrator and Recordkeeper of the Plans, is authorized, directed and empowered to take all such actions deemed necessary and appropriate to carry out the intents and purposes of the foregoing resolutions and amendments, the taking of such actions to provide conclusive evidence of such determination.

I, Lara L. Hjortsberg, Interim Executive Secretary of the Board of Trustees of the Maryland Teachers & State Employees Supplemental Retirement Plans, CERTIFY that the

foregoing Resolution were adopted by the Board of Trustees at a duly held meeting on November 23, 2020 by unanimous vote of a quorum of the Board of Trustees.

A handwritten signature in black ink, appearing to read "Lara L. Hjortsberg", written over a horizontal line.

Lara L. Hjortsberg
Interim Secretary of the Board of Trustees
of the Maryland Teachers & State
Employees Supplemental Retirement Plans

State of Maryland Tax Sheltered Annuity 403(b) Plan

The State of Maryland Tax Sheltered Annuity 403(b) Plan, amended and restated, effective January 1, 2012 (the "Plan"), is hereby further amended, effective January 1, 2020 (unless otherwise specifically stated herein), to implement amendments contained in 84 Fed. Reg. 49651 (September 23, 2019), Internal Revenue Service Final Regulations, Hardship Distributions of Elective Contributions, Qualified Matching Contributions, Qualified Nonelective Contributions, and Earnings.

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, the Participant shall be entitled to receive a distribution of the full value of his or her Account payable according to the provisions of Article VIII.

7.2 **Disability** – If a Participant, at any time prior to retirement or other Severance From Employment, 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 receive a distribution of the full value of his or her account, 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 six months, and by reason of which the Participant will be prevented from performing his or her usual duties or any other similar duties.

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, as of his or her Distribution Date, the full value of the account shall become payable, according to the provisions of Article VIII and IX, to his or her designated Beneficiary, upon submission of proof of death satisfactory to the Board.

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 receive the full value of his or her account payable according to the provisions of Article VIII.

7.5 **Hardship Distributions** – (a) In addition to the in-service withdrawal rights described in Article 8.6, a hardship withdrawal is permitted from the Participant's Account (excluding any earnings on Elective Deferrals after December 31, 1988) upon application to the Board in the event of hardship. A hardship distribution may only be made on account of an

immediate and heavy financial need of the Participant and where the distribution is necessary to satisfy the immediate and heavy financial need. The Board shall fully consider the circumstances of each case and shall in its sole discretion approve or deny the request in whole or in part. The Board may require that a Participant, prior to receipt of a hardship distribution, disclose his or her account activities in all plans maintained by the Employer, or any Related Employer, and authorize the Administrator of this Plan to exchange information on such activity with the Administrators of such other plans.

(b) The following are the only financial needs considered immediate and heavy:

(1) expenses incurred or necessary for medical care described in section 213(d) of the Internal Revenue Code (without regard to whether the expenses exceed 7.5% of adjusted gross income) of the Participant or the Participant's spouse, primary Beneficiary, or dependents (as defined in section 152 of the Internal Revenue Code, but without regard to Sections 152(b)(1), (b)(2), and (d)(1)(B) of the Internal Revenue Code))

(2) the purchase (excluding mortgage payments) of a principal residence for the Participant;

(3) payment of tuition and related educational fees and room and board expenses for the next 12 months of post-secondary education for the Participant or the Participant's spouse, primary Beneficiary, or dependents (as defined in section 152 of the Internal Revenue Code, but without regard to sections 152(b)(1), (b)(2), and (d)(1)(B) of the Internal Revenue Code));

(4) payments necessary to prevent the eviction of the Participant from, or a foreclosure on the mortgage of, the Participant's principal residence;

(5) payments for funeral or burial expenses for the Participant's deceased parent, spouse, primary Beneficiary, or any dependent (as defined in section 152 of the Internal Revenue Code, but without regard to sections 152(b)(1), (b)(2), and (d)(1)(B) of the Internal Revenue Code));

(6) effective January 1, 2021, expenses to repair damage to the Participant's principal residence that would qualify for a casualty loss deduction under Section 165 of the Internal Revenue Code (determined without regard to section 165(h)(5) of the Internal Revenue Code and without regard to whether the loss exceeds 10% of adjusted gross income);

(7) effective January 1, 2021, expenses and losses (including loss of income) incurred by the Participant on account of a disaster declared by the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 100-707, provided that the Participant's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster; and

(8) such other circumstances as the Commissioner of the Internal Revenue determines constitute financial hardship under Section 401(k) of the Internal Revenue Code or

the Treasury Regulations thereunder.

(c) A distribution will be considered necessary to satisfy an immediate and heavy financial need of the Participant only if:

(1) The distribution is not in excess of the amount of the immediate and heavy financial need (including amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution);

(2) The Participant has obtained all distributions currently available under the Plan or any other plans maintained by the Employer, other than hardship distributions and non-taxable loans;

(3) For distributions on or before December 31, 2019, Elective Deferrals under this Plan and elective deferrals made under all other plans maintained by the Employer will be suspended until the earlier of (i) six months after the receipt of the hardship distribution or (ii) January 1, 2020;

(4) For distributions made on or after January 1, 2020, the Participant represents in writing or in such other form as may be prescribed by the Commissioner of the Internal Revenue Service that he or she has insufficient cash or other liquid assets reasonably available to satisfy the need; and

(5) The Participant has met any such additional or alternative requirements as may be prescribed in Treasury Regulation Section 1.401(k)-1(d)(3)(iv)(E) or subsequent promulgations.

(d) A Participant must provide substantiation of the reason for and the amount of the immediate and heavy financial need to the Administrator of the Plan. The Administrator of the Plan shall approve all hardship distributions on behalf of the Board under this Section 7.5.

(e) In addition to the standards set forth above, in the administration of the hardship provisions hereunder the Board shall restrict such distributions and impose such requirements as are established under the Internal Revenue Code and applicable regulations as in effect from time to time.

7.6 Procedure for Individual Contracts and Accounts – If the Participant requests a hardship distribution from an Annuity Contract or Individual Custodial Account, he or she must comply with any requirements and restrictions on distributions under this Plan prior to any direct request for distribution from such Insurance Company or Custodian. The Participant shall also be required to comply with all conditions, restrictions, procedures and expenses of the annuity contract or individual custodial agreement.

THE STATE OF MARYLAND

TAX SHELTERED ANNUITY 403(b) PLAN

Effective January 1, 2012

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THE STATE OF MARYLAND

403(b) PLAN

THIS PLAN is a restatement and amendment of the Plan adopted by The State of Maryland through action by the Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans on November 24, 2008. The Plan is maintained under the authority of State Personnel and Pensions Art. §35-401, and is a continuation of the 403(b) plan established by the Board of Trustees pursuant to Ch. 74, 1985 session laws, and maintained since that time through miscellaneous contracts, custodial agreements, Board policies and resolutions. This Plan should be construed in accordance with Internal Revenue Service regulations effective January 1, 2008 requiring adoption of a written defined contribution plan. Except as otherwise specifically provided herein, this restated Plan is effective on January 1, 2012.

RECITALS

The State intends this plan to qualify as a 403(b) plan under the Internal Revenue Code, so that contributions to the contracts and accounts maintained under the plan will not be taxable to the employees prior to distribution to them and the contracts and accounts will be exempt from tax.

NOW, THEREFORE, the State of Maryland hereby adopts The State of Maryland 403(b) Plan 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 403(b) plan, may be referred to as "The State of Maryland 403(b) Plan".

1.2 Applicability - The provisions of the Plan shall apply only to an individual who meets the definition of Employee set forth herein, his or her Beneficiaries, and the contracts and Accounts maintained under the Plan. If an Employee establishes or maintains a contract or Account under this plan a Severance From Employment shall not require distribution from such contract or 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.

Account – The account or accumulation maintained for the benefit of any Participant or Beneficiary under an Annuity Contract or Custodial Account maintained under the Plan.

Account Balance – The bookkeeping account maintained for each Participant which reflects the aggregate amount credited to the Participant's Account under all accounts, including the Participant's Elective Deferrals, the earnings or loss of each Annuity Contract or Custodial Account (net of expenses) allocable to the Participant, any transfers for the Participant's benefit, and any distribution made to the Participant or the Participant's Beneficiary. The Account Balance includes any account established under Article 5.2 for rollover contributions and plan-to-plan transfers made to this Plan for a Participant, the Account established for a Beneficiary after a Participant's death, and any Account or Accounts established for an Alternate Payee (as defined in section 414(p)(8) of the Code).

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 Participants' account pursuant to a court order.

Annuity Contract – An insurance annuity contract as defined in IRC §403(b)(1) that is issued by an insurance company as a non-transferable annuity contract and that provides annuities as an optional form of payment. Such contract may be either a contract issued to an individual or certificate issued to an individual under a group annuity contract.

Applicable Dollar Amount - The maximum amount of annual elective deferral contributions permitted a Participant in a particular calendar year, as determined under section 402(g) or section 414(v), or both, as applicable. This definition shall be applied so that yearly changes in maximum elective deferral contributions occur automatically in the amount and time permitted by the Internal Revenue Code, including C/L increases.

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; provided, however, that the fiduciary responsibilities of the Board of Trustees shall not be construed as creating a trust, or otherwise violating the requirements of 403(b) that interests of Participants be invested in a qualifying insurance annuity contract or custodial account.

Catch-Up Contributions – The special additional deferral contributions permitted for Participants over 50, as authorized by section 414(v), and as regulated and described in Article 5.1 of this plan.

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).

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)(including such deferrals under this plan), 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 section 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.

Custodial Account – The group or individual custodial account or accounts, as defined in section 403(b)(7) of the Code, established or maintained under this Plan for each Participant by the Employer, or by each Participant individually.

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 Employer; (iii) is determined by the Employer to have become totally and permanently disabled, or; (iv) otherwise has a Severance From Employment with the Employer; (v) attains age 59 ½ . 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 a Participant or Beneficiary under this Plan is also included as a Distributee.

Effective Date - The effective date for the amendments to this Restated Plan is January 1, 2012.

Elective Deferrals – The Employer contributions made to the Plan at the election of the Participant in lieu of receiving cash compensation. Elective deferrals are made pursuant to a salary reduction agreement and are limited to pre-tax salary reduction contributions.

Eligible Retirement Plan - A plan described in section 402(c)(8)(B) that is allowed under federal tax law to make or receive 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 that an Eligible Rollover Distribution does not include:

- (1) 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;
- (2) Any distribution to the extent such distribution is required under Internal Revenue Code-Section 401(a)(9);
- (3) The portion of any distribution that is not includible in a Distributee's gross income;
- (4) Any corrective distribution of excess contributions and any corrective distribution of excess aggregate contributions and income allowable to such corrective distributions; or
- (5) Any distribution made on account of hardship of the Employee.

Employee - Any person: (i) employed by the State, and classified as an employee of the State under the State Personnel and Pensions Article of the Maryland Code, or other relevant provisions of Maryland law so long as such employee is eligible to participate in a section 403(b) contract because of his or her performance of service as a common law employee for a public school, as defined in section 403(b) (1)(A)(ii) and 170(b)(1)(A)(ii); (ii) any person employed by a county (or other participating governmental entity) that elects pursuant to State Personnel & Pensions Article Section 35-402 and Article XIV to participate in the State of Maryland 403(b) Plan, so long as such employee is eligible to participate in a section 403(b) contract because of his or her performance of service for a public school, as defined in section 403(b) and related sections. Contractual and temporary employees of the State and a Participating County are included within this definition. A person is not an eligible Employee merely because the State provides a source of funding for the wages of such employee, directly or indirectly. Elected and appointed governmental officials are not included with this definition. There is no minimum age or period of initial service necessary to participate in the Plan as an Employee.

Employer - The State of Maryland, or public schools or school districts of Participating Counties pursuant to Article XIV.

Entry Date - The first day in each month.

Includible Compensation - An Employee's compensation received from an eligible employer and includable in gross income for Federal income tax purposes, (without regard to section 911) for the most recent period that constitutes a year of service. Includible Compensation is subject to the 401(a)(17) limit as indexed and increased by salary reduction elections to the Employer's plans under Code section 125, 132(f) 401(k), 403(b) or 457(b) of the Code, including Elective Deferrals to this Plan. Includible compensation is determined without regard to any community property laws.

A year of service for purposes of determining Includible Compensation is each full year during which an employee is a full time Employee of the Employer, plus fractional credit for each part of the year the Employee is either a full time employee for part of the year or is a part-time employee as determined under Treas. Reg. 1.403(b)-4(e). Includible Compensation does not include any Compensation paid during a period when the Employee is not an eligible Employee.

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 Severance From Employment under applicable provisions of Maryland law that govern the employer- employee relationship.

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 XV of this Plan.

Optional Retirement Plan – The 403(b) plan established and maintained for State Colleges and Community Colleges pursuant to State Personnel and Pensions Article Subtitle 30. The Optional Retirement Plan as used herein includes contracts and custodial accounts that receive either elective Employee contributions as a reduction in salary, and contracts and accounts that receive non-elective Employer contributions.

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 a Beneficiary or Alternate Payee that has succeeded to the account of the original Participant under the provisions of the Plan.

Participating County – A Maryland county (or Baltimore City) that elects to participate in this Plan under the provisions of State Personnel and Pensions Article §35.401 and Article XIV of this 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.

Related Employer - The Employer and any other entity which is under common control with the Employer under section 414(b) or (c) of the Code. For this purpose, the Employer shall determine which entities are Related Employers based on a reasonable, good faith standard and taking into account the special rules applicable under Notice 89-23, 1989-1 C.B. 654.

Related Plan – A 403(b) Plan of the Employer that is established and maintained separately from this Plan.

Rollover/Transfer Account - The portion of a Participant’s account under the accounts established pursuant to Article 5.2 or 5.4.

Severance From Employment - The termination of a person’s status as an employee of the state of Maryland or Participating County under applicable provisions of Maryland law that govern the employer-employee relationship. A Severance From Employment shall also occur if the Participant ceases to be an employee eligible to contribute to a section 403(b) contract because he or she no longer performs service for a public school, even though the Participant continues as an employee of the Employer for other purposes.

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 6.5, as an accounting or valuation date for the group custodial account. If a daily valuation method of administration is adopted and used for this group account each day on which such valuation occurs is a special valuation date.

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

END OF ARTICLE II

ARTICLE III

Eligibility and Participation

3.1 Requirements - Every Employee shall be eligible to participate in the Plan and may elect to have Elective Deferrals made on his or her behalf immediately upon becoming employed by the Employer. No individual shall be eligible to become a Participant, however, if he or she is not an Employee as defined in Article II.

Participation in the Plan is voluntary. An otherwise eligible Employee may not participate unless he or she has made written application in such manner as may be required by the Board, including an agreement to: (a) permit deferral contributions to be made on his behalf as provided in Section 5.1, or; (b) establish a Rollover account pursuant to Article 5.2 and 5.4;

3.2 School Employment – Performance of service for a public school as defined in Internal Revenue Code sections 403(b)(1)(A)(ii) and 170(b)(1)(A)(ii) is a requirement for making Elective Deferrals to this Plan.

3.3 Re-employment - If an Employee or Participant has had a Severance From Employment, his or her status with respect to the Plan shall be governed by the following rules:

(a) Eligibility - A re-employed individual's participation in the Plan shall commence immediately upon the resumption of status as an Employee and an agreement to permit deferral contributions to be made on his or her behalf as provided in Section 5.1.

(b) Benefit Payments - If, at the time of re-employment, the Participant is eligible to receive or is receiving payments from his or her accounts under the Plan, the employee may elect to maintain a separate account for the amount in any account that is attributable to such prior period of service. If such separate account is maintained the Participant may elect a distribution from this separate account attributable to prior employment, pursuant to the provisions of Article VIII.

END OF ARTICLE III

ARTICLE IV

Service

4.1 Leave 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 Severance From Employment shall occur only if there has been a Severance From Employment within the meaning of Article II, or under the conditions of Article 4.3.

4.3 Severance through Transfer – Severance From Employment occurs on any date on which the Employee ceases to be an employee of a public school, as defined in the Internal Revenue Code, even though the Employee may continue to be employed by state government (or Participating Unit of local government) in a different capacity that is not eligible under federal law to contribute to a 403(b) contract.

4.4 Military Service - If a Participant is entitled to greater Military Benefits under the provisions of Article XV, those provisions shall control and determine the amount of benefit, the right to receive a distribution, and the right to make contributions to the Plan.

END OF ARTICLE IV

ARTICLE V

Contributions

5.1 Compensation Deferral Account - Participants shall be permitted to make Elective Deferrals into an Account under procedures established by the Board and in accordance with the following:

(a) Amount of Elective Deferrals -

(i) General - A Participant may elect to defer, in the form of Employer contributions to the Plan on his or her behalf, Compensation that would otherwise have been paid to him or her for any calendar year, in any amount permitted by the Board under ordinary payroll procedures, provided that such amount does not exceed the lesser of: (1) 100% of Compensation for the calendar year (as defined in this Plan and section 415(c)(3)), or; (2) the Applicable Dollar Amount established under Section 402(g)(1)(B). Elective deferrals together with any other employer contributions made on behalf of the Participant to this Plan and all other 403(b) plans of the employer for the Plan Year must also be considered as part of the Annual Addition limit specified in Article 5.5.

(ii) Limitations - Notwithstanding the foregoing, the Board shall limit the amount which may be contributed by any Participant to the extent necessary to assure that the Participant's total deferrals in any calendar year do not exceed the Applicable Dollar Amount for the year such deferrals occur. The Board shall also have the right to distribute to the Participant, not later than the April 15th following the calendar year to which the deferral is attributable, any contributions in excess of the aforesaid limit, together with any income allocable thereto. In making the determination whether contributions are in excess of the aforesaid limit, the Board and its Administrator shall take into account contributions made by the Participant to this Plan and any other Plans or arrangements described in sections 401(a), 401(k), 408(k), 408(p) and 403(b) of the Internal Revenue Code. In making this determination the Board shall rely on: (A) amounts disclosed to the Administrator by the Participant; (B) amounts disclosed to the Administrator by payroll units of the Employer.

(iii) Applicable Dollar Amount - If a Participant is age 50 or older in any Plan year, his or her Applicable Dollar Amount for the Plan year includes the regular elective deferral amount as in effect under section 402(g) and the additional Catch-up Contribution amount under 414(v). All such employees shall be eligible to make Catch-up Contributions in accordance with and subject to the limitations of section 414(v). Such Catch-up Contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of section 402(g) and 415.

(b) Contribution Procedures - Deferral contributions shall be made under a salary reduction agreement and only through regular payroll deductions. Deferral contributions shall be deducted by the Employer from the pay of the contributing Participants, and shall be paid by the relevant State or county authority having management control over said payroll to the Administrator, acting as agent for the Annuity Contracts and Custodial Accounts of the Plan, and credited to the Account or

Accounts of the contributing Participants with reasonable promptness, and in any event within 15 business days of the month following the month in which such amounts would otherwise have been paid.

The Board, in conjunction with relevant Employer authority having management authority over payroll, may establish procedural rules for the administration of a payroll deduction system, including limitations on the frequency of, and minimum notice periods for, changes, suspensions and terminations of payroll deductions by Participants. These procedural rules include the right of the Board, or other relevant payroll authority, to limit or reduce deferral contributions to allow for payment of FICA tax or other mandatory payroll deductions. In all events however, the minimum required elective contribution to this Plan shall be no higher than \$200 a year.

Any FICA or other payroll tax that may be imposed on the Participant with respect to deferral contributions shall, unless otherwise determined by the Employer, be deducted from the non-deferred remainder of the Participant's compensation.

(c) Contributions shall be allocated to the Annuity Contract and/or Custodial Account selected by the Participant (including selections under Article VI, dealing with default selections) and administered and accounted for under the rules of Articles VI, X and XI.

5.2 Rollovers and Inter-Plan Transfers – (a) 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 the 403(b) Eligible Retirement Plan. Such rollover or direct rollover to the Plan shall be directed to the Annuity Contracts or Custodial Accounts maintained under the Plan, as elected by the Participant, and shall be maintained as a separate account within this Plan. (b) A Participant may also elect to contribute to this Plan a direct, plan to plan transfer from a Related Plan, so long as the Plan qualifies as an eligible section 403(b) arrangement, and the transfer otherwise qualifies as a non-distributable event under section 403(b) and applicable regulations. The amounts transferred under this section shall be separately accounted for, and subject to the additional distribution restrictions of Article VIII. 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, or eligible for a plan to plan transfer.

5.3 Special Rule for a Participant Covered by Another Section 403(b) Plan – For purposes of this Article V, if the Participant is or has been a participant in one or more other plans under section 403(b) of the Code (and any other plan that permits elective deferrals under section 402(g) of the Code), then this Plan and all such other plans shall be considered as one plan for purposes of applying the foregoing limitations of this Article V. For this purpose, the Administrator shall take into account any other

such plan for which the Administrator receives from the Participant sufficient information concerning his or her participation in such other plan.

5.4 Correction of Excess Elective Deferrals – If the Elective Deferral on behalf of a Participant for any calendar year exceeds the limitations described above when combined with other amounts deferred by the Participant under another plan of the employer under section 403(b) of the Code (and any other plan that permits elective deferrals under section 402(g) of the Code for which the Participant provides information that is accepted by the Administrator), then the Elective Deferral, to the extent in excess of the applicable limitation (adjusted for any income or loss in value, if any, allocable thereto), shall be distributed to the Participant.

5.5 Maximum Limitation on Annual Additions – Notwithstanding any Plan provision to the contrary the maximum annual additions which may be credited to the account 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 Includible Compensation for the limitation year (hereafter referred to as the “Compensation Limit”). Annual additions shall be defined as the Article 5.1 contributions to the Participant’s Account for the limitation year, plus any employer contributions or employee contributions, to any other 403(b) Plan maintained by the Employer, including, but not limited to, the Optional Retirement Plan.

5.6 Contributions and Military Benefits – A Participant who is entitled to make contributions under the provisions of Article XVIII shall have his or her contribution benefits, limits and restrictions determined under the provisions of Article XVIII.

END OF ARTICLE V

ARTICLE VI

Funds, Contracts and Accounts

6.1 Required Funding Vehicles – All investments under this Plan shall be maintained in one or more of three investment products:

(a) An Annuity Contract qualified under section 403(b) and containing contract terms that comply with all material provisions required by section 403(b);

(b) An individual Custodial Account and agreement for shares in one or more regulated investment companies, and which includes contract terms that comply with all material provisions required by section 403(b);

(c) A group Custodial Account maintained under this plan, the assets of which are administered and accounted for under the terms of this Plan, and under which:

(i) funds are invested exclusively in shares of regulated investment company accounts as required by section 403(b)(7), and;

(ii) which are maintained under a group custodial account agreement that meets all material requirements of section 403(b)(7).

6.2 Allocations Under Individual Contracts or Accounts - For investments maintained under individual contracts and individual custodial accounts, the accrual of income, expense, gain or loss shall occur under the terms of the Annuity Contract or individual Custodial Account agreement, including such periodic plan expenses as may be charged under the terms of the annuity contract or custodial account agreement to the individual account holders.

6.3 Allocations Under the Group Custodial Account - As of each Valuation Date and Special Valuation Date, the net earnings or losses of the group Custodial Account (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 the Participants in the group Custodial Account in accordance with the ratio which the number of shares of each Participant in a particular investment selection within the group account bears to the aggregate of all such shares of that particular investment selection in the group Custodial Account. For purposes of this allocation, the account value of each Participant will be adjusted pursuant to the next paragraph and pursuant to Article 6.5; 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).

The Board, acting as administrator of the group Custodial Account, 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.

6.4 Valuations - The earnings or losses of the group custodial account shall be valued at fair market value, as of each Valuation Date and Special Valuation Date.

6.5 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 earnings thereon, shall be charged to such Participant's account.

6.6 Individual Interests and Ownership – Each Participant in the plan shall own:

(a) his or her interest in the Annuity Contract, or individual Custodial Account, subject to the terms and conditions of such contract or account;

(b) the beneficial interest in the shares held by the group Custodial Account, measured by the value of Participant's particular share elections against the value of the entire group custodial account. In accounting for such interest, and in administering the group account, the custodian and Administrator shall take such steps as necessary so that the individual interest of each account holder can always be readily determined, both as to value and the number of individual shares that represent the total of his or her election.

6.7 Cash – The custodian under the group custodial account may also hold cash, but only for purposes preliminary to investment, transfer, rollover or re-allocation of investment. At all times such cash shall be allocated to the particular account-holders from whom the cash is derived or allocated and shall not be allocated generally to the group Custodial Account as a whole.

6.8 Terms of the Group Custodial Account – The group Custodial Account shall at all times be non-forfeitable and subject to all of the requirements of section 403(b) and related sections. The requirements expressed in this plan are expressly made part of any group Custodial Account agreement. The Board, Administrator and custodian may enter into joint agreements under which record keeping, statement distribution and reporting responsibility are assigned by the custodian to an Administrator selected by the Board, and under which the Administrator indemnifies the custodian for liability caused by any Administrator error or omission. In all cases however, if the Administrator shall fail to keep such records, or perform such responsibilities, the Board shall be required to:

(a) suspend all activity until such time as a new Administrator acceptable to the custodian is appointed, or;

(b) transfer all such individual record keeping to the custodian.

6.9 Conversion from Group to Individual Custodial Accounts – The Board shall have the right to terminate the group Custodial Account at any time in its sole discretion in order to convert the Participant interests thereunder to individual Custodial Accounts where the records of each account are maintained by separate custodians for each particular regulated investment company.

6.10 Annuity Contracts and Individual Custodial Accounts – The Board shall designate by Resolution which Annuity Contracts and Individual Custodial Accounts may be offered for investment under the Plan. These selections shall be made at their sole discretion, and may take into consideration not only traditional measures such as expense, investment performance expectation, and the overall reputation, reliability and management skill of the offeror, but also such factors as the availability or non-availability of investments available to Participants under alternative benefit plans maintained by the Employer. The Board may also suspend or terminate the right to make contributions to any particular contract or account.

6.11 Unified Statement – The Board will furnish to Participants a unified statement of all investment interests and activity under the Plan, as set forth in Article 11.7; but it may, at its sole discretion, require offerors of Annuity Contracts or individual Custodial Accounts to furnish separate statements to holders of such annuity or custodial interests.

6.12 Related Contracts or Accounts – Under applicable 403(b) regulations the Board may retain certain compliance responsibilities relating to contract or custodial arrangements that are (or were, as the case may be):

(a) offered by the same Employer under another 403(b) Plan;

(b) offered by a Related Employer;

(c) formerly offered by the Employer or Related Employer, and which continue to hold account values of Participants. The Board and its administrators shall take all necessary steps to coordinate such compliance responsibilities, and may enter into agreements with the entities that maintain these contracts or accounts. These agreements may provide for sharing of relevant information among such entities. The Board may also require particular Participants, as a condition for exercising any right of contribution, distribution, or loan, to:

(i) fully disclose all such interests in related contracts or accounts;

(ii) execute any necessary authorizations that allow such entities to disclose information about those related contracts or accounts to the Board and the Plan Administrators under this Plan.

6.13 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 account value 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 under this Plan 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, under this Plan, 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. The Board may adopt for Participant designation a method that automatically and periodically rebalances the Participants' investment accounts.

(b) All contributions and other amounts added to a Participant's account value 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 account value at that date shall be reallocated among the designated investment funds according to the percentages specified in the investment category designations (unless the Board permits, and the Participant has designated, different allocations as between existing balances and future contributions) but no re-allocations of the Participant's account value are to be made by the Board without the consent of the Participant.

(c) In the event the Board receives an 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 and Beneficiaries be required to direct the investment of their accounts to the extent set forth in this Section 6.13.

6.14 Default Elections – In the event the Board possesses at any time instruction as to the investment of less than all of the contributions or Account values, the contributions or Account value shall be invested in the Default Option as described in this Article 6.14:

(a) The Board shall designate by separate resolution a default investment option for contributions and the Account Value. 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.

(b) In designating a Default Option the Board may choose either a: (i) money market fund; (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 6.14(f). 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 (or later age) in the year the default occurs, the default option shall be the Retirement Income Fund of the Target Retirement Series.

(c) The Board may designate different default options for different classes of Participants and may also designate a different default option for contributions and the Account Value.

(d) 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 Account Value, 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 Account Value, as the case may be, to the Default Option.

(e) A default direction of contributions or Account Values 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.

(f) 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 designate a substitute option, the Administrator shall re-direct contributions and/or Account Values 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, the Participant shall be entitled to receive a distribution of the full value of his or her Account payable according to the provisions of Article VII.

7.2 Disability - If a Participant, at any time prior to retirement or other Severance From Employment, 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 receive a distribution of the full value of his or her account, payable according to the provisions of Article VII. 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 six months, and by reason of which the Participant will be prevented from performing his or her usual duties or any other similar duties.

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, as of his or her Distribution Date, the full value of the account shall become payable, according to the provisions of Article VIII and IX, to his or her designated Beneficiary, upon submission of proof of death satisfactory to the Board.

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 receive the full value of his or her account payable according to the provisions of Article VIII.

7.5 Hardship Distributions - In addition to the in-service withdrawal rights described in Article 8.6, a Participant, in the event of financial hardship as hereinafter defined, may apply to the Board for withdrawal from his or her account. The Board shall fully consider the circumstances of each case, and the best interests of the Participant and his or her family, and shall have the right, in its sole discretion, to allow such withdrawal, or to allow the Participant to withdraw a part of the sum requested, or to refuse to allow any withdrawal. Upon a finding of financial hardship, the Board shall make and/or authorize the appropriate distribution to the Participant from his or her Account. In no event shall the aggregate amount of the distribution exceed the lesser of: (i) the amount determined by the Board to be necessary to alleviate the Participant's financial hardship, and which is not reasonably available from other resources of the Participant, or (ii) an amount equal to the contributions made to the Account, less any previous distributions

therefrom. In determining whether to make or authorize a hardship distribution under this Plan the Board shall consider the Participant's account values (if any) in other plans maintained by the State or Related Employers. The Board may require that a Participant, prior to receipt of a hardship distribution, disclose his or her account activities in all plans maintained by the Employer, or any Related Employer, and authorize the Administrator of this Plan to exchange information on such activity with the Administrators of such other plans.

"Financial hardship" is defined as: (i) an immediate and heavy financial need arising as a result of accident, illness or other emergency, in circumstances of sufficient severity that a Participant, his family, or Beneficiary is clearly endangered by present or impending economic want or privation; (ii) financial need arising as a result of the expenditure of funds in order to purchase a principal residence for the Participant; (iii) the need to provide for the payment of tuition, related educational expenses, and room and board for the next 12 months of post-secondary education for the Participant, or his or her spouse, children, or dependents; (iv) medical expenses (as described in section 213) for the Participant, spouse, dependents or primary Beneficiary designated by the Participant; (v) payments necessary to prevent the eviction of the Participant, dependents or Beneficiary from his or her principal residence or foreclosure on the mortgage of that residence; (vi) the need to pay for funeral expenses of the Participant's spouse, dependent or designated Primary Beneficiary; or (vii) such other events that classify as a hardship under the Internal Revenue Code and applicable regulations at the time the request is made. In calculating the distributable amount under this section, the amount of taxes and applicable penalties payable on the distribution may be taken into account.

In administration of this financial hardship provisions hereunder the Board shall restrict such distributions, and impose such requirements as are established in the Internal Revenue Code and applicable regulations, including requirements that Participants exhaust other means of relief (such as loans available from this Plan) or that Participants not make elective contributions under this Plan (or other Plans maintained by the Board) for a period of at least 6 months after the date of distribution.

7.6 Procedure for Individual Contracts and Accounts – If the Participant requests a hardship distribution from an Annuity Contract or Individual Custodial Account, he or she must comply with any requirements and restrictions on distributions under this Plan prior to any direct request for distribution from such Insurance Company or Custodian. The Participant shall also be required to comply with all conditions, restrictions, procedures and expenses of the annuity contract or individual custodial agreement.

END OF ARTICLE VII

ARTICLE VIII

Distribution of Account Values

8.1 Amount - Upon reaching his or her Distribution Date, a Participant (or his or her Beneficiary) shall become entitled to receive a distribution from the Account.

8.2 Method of Payment - 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, 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 Account is distributed. In the absence of such election 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. The election shall specify the portion of the account to be distributed, and/or the type and manner of installment payments.

Distribution of the Participant's Account is subject to the following rules:

(a) Installment Payments - If all or any part of the distribution 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 group Custodial Account, in which case any income, gain or loss attributable thereto shall be reflected in the installment distributions, or (ii) transferred to a segregated account. The Participant may change his or 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.

(b) Annuity Contracts and Individual Custodial Accounts – Distributions under Annuity Contracts and Individual Custodial Accounts maintained under this Plan shall occur under the provisions of those contracts and custodial agreements, but must also comply with the provisions of this Plan that restrict or require distributions. The Plan Administrator may require a Participant, prior to receipt of a distribution, to authorize exchange of information concerning the Participant with Administrators of Related Plans, Annuity Contracts or Custodial Accounts, if necessary to ensure that any distribution from this Plan meets all requirements of the Internal Revenue Code.

(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 shall be determined through use of actuarial tables required under applicable Internal Revenue Service regulations concerning minimum required distribution 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 uniform lifetime table provided in the regulations, unless the Participant is eligible to elect, and does elect, the spousal beneficiary method.

8.3 Timing of Benefit Commencement - Unless the Participant otherwise elects pursuant to any elective provision which may be present in the Plan, the distribution of Account values from the Plan to the Participant will commence within a reasonable period of time after the last of the possible Distribution Dates, but in no event shall distribution 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 severance of the Participant's service with the Employer.

8.4 Special Provisions - Death Benefits - The following provisions shall govern the payment of Account values 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. Such distributions (including the amount of the distributions) shall comply with IRS Regulation 1.401(a)(9)-1 through 1.401(a)(9)-8.

(b) Upon the death of a Participant prior to receipt of all of his or her account under this Plan, the entire remaining value of the account 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 account.

(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 Participant's death, not to receive an immediate distribution, no distribution will be required under Article 8.4(c), but in that event the entire account 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 a Beneficiary shall occur under Article 8.4(c) and the Beneficiary shall have no right to defer receipt of minimum distributions for the 5-year period after the Participant's death.

(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 1/2 .

(g) In the event that a Participant dies with no designated Beneficiary, or if there is no designated Beneficiary by September 30th 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 account 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 account 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 contract which meets the requirements of section 403(b) and Article 8.2 or 8.4.

8.5 Benefits on Termination of Employment - Payment of account values 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 shall constitute such an election. Prior to the commencement of distribution the Account 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 – Distributions to the Participant from the Account while the Participant remains employed may only be made as follows:

(a) A Participant who has attained age 59½, but who has not had a Severance From Employment with the Employer, may withdraw his or her account value in any amount not in excess of the then value of such Account, pursuant to the election and payment of benefit procedures described in Articles 8.1 and 8.2.

(b) Any Participant who has not severed his or her employment with the State may withdraw from his or her Rollover Account of Article 5.2 (or similar account maintained in an annuity contract or individual custodial account) hereof any amount not in excess of the value of the Rollover Account. The Board shall have the right to determine for the group Custodial Account 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.

(c) A Participant eligible to receive a hardship distribution as defined and regulated in Article 7.5 may apply for and receive such a distribution.

(d) The Board, at the request of a Participant, may transfer all or any portion of a Participant's account to a defined benefit plan qualified under section 401(a), if the governing body responsible for maintaining the defined benefit plan agrees to accept the transfer, and such transfer is not otherwise prohibited by any provision of the Internal Revenue Code.

8.7 Rollovers from the Plan – Upon Severance From Employment, any Participant may elect to have any Eligible Rollover Distribution transferred directly to an Eligible Retirement Plan or Roth IRA 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 Plan-to-Plan Transfers to the Plan – (a) At the direction of the Employer for a class of Employees who are participants or beneficiaries in a Related Plan under section 403(b) of the Code, the Administrator may permit a transfer of assets to this Plan as provided in this Article 8.8. Such a transfer is permitted only if the Participant is an Employee or former Employee of the Employer. The Administrator (and any annuity contract or individual custodial account accepting such transferred amounts) may require that the transfer be in cash or other property acceptable to it. The Administrator may require such documentation from the other plan as it deems necessary to effectuate the transfer in accordance with §1.403(b)-10(b)(3) of the Income Tax Regulations and to confirm that the other plan is a plan that satisfies section 403(b) of the Code.

(b) The amount so transferred shall be credited to the Participant's Account, so that the Participant or Beneficiary whose assets are being transferred has an accumulated benefit immediately after the transfer at least equal to the accumulated benefit with respect to that Participant or beneficiary immediately before the transfer.

(c) The amount transferred shall be held, accounted for, administered and otherwise treated in the same manner as an Elective Deferral by the Participant under this Plan, except that any amount transferred is subject to any distribution restrictions required under section 403(b) of the Code and shall continue to be subject to the distribution restrictions of the transferor plan if those restrictions are more stringent than the restrictions under this Plan. The transfer amount shall not be considered an Elective Deferral under the Plan in determining the maximum deferral under Article III.

8.9 Plan-to-Plan Transfers from the Plan – (a) at the direction of the Board, the Administrator may permit a class of Participants and Beneficiaries to elect to have all or any portion of their Account transferred to a Related Plan that satisfies section 403(b) of the Code in accordance with §1.403(b)-10(b)(3) of the Income Tax Regulations. A transfer is permitted under this Article 8.9 only if the Participants or Beneficiaries are employees or former employees of the employer (or the business of the employer) under the receiving plan and the other plan provides for the acceptance of plan-to-plan transfers with respect to the Participants and Beneficiaries and for each Participant and Beneficiary to have an amount deferred under the other plan immediately after the transfer at least equal to the amount transferred.

(b) The other plan must provide that, to the extent any amount transferred is subject to any distribution restrictions required under section 403(b) of the Code, the other plan shall impose restrictions on distributions to the Participant or Beneficiary whose assets are transferred that are not less stringent than those imposed under this Plan. In addition, if the transfer does not constitute a complete transfer of the Participant's or Beneficiary's interest in the Plan, the other plan shall treat the amount transferred as a continuation of a pro rata portion of the Participant's or Beneficiary's interest in the transferor plan (e.g., a pro rata portion of the Participant's Beneficiary interest in any after-tax employee contributions).

(c) Upon the transfer of assets to a Related Plan under this Article 8.9 the Plan's liability to pay benefits to the Participant or Beneficiary under this Plan shall be discharged to the extent of the amount so transferred for the Participant or Beneficiary. The Administrator may require such documentation from the receiving plan as it deems appropriate or necessary to comply with this Article 8.9 (for example, to confirm that the receiving plan satisfies sections 403(b) of the Code and to assure that the transfer is permitted under the receiving plan) or to effectuate the transfer pursuant to §1.403(b)-10(b)(3) of the Income Tax Regulations.

8.10 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.

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

END OF ARTICLE VIII

ARTICLE IX

Beneficiaries; 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 a person 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 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 Designations Under Annuity Contracts and Individual Custodial Accounts - If a Participant has an interest in an Annuity Contract or individual Custodial Account, and has made a Beneficiary designation under such contract or account, that designation will in all events control for the contract or custodial agreement for which it is made. In the absence of such designation the designations made under this Plan shall control.

9.3 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.

9.4 Information to be Furnished by Participant and Beneficiaries - Any communication, statement or notice addressed to a Participant or Beneficiary at his or her 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 the Participant or Beneficiary for all purposes. If the Board notifies any Participant or Beneficiary of a deceased 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.

END OF ARTICLE IX

ARTICLE X

Annuity Contracts, Custodial Accounts and Loans

10.1 Investment of Funds - All contributions under the Plan shall be paid to the Board and deposited by the Administrator in the contract and accounts that are designated by the Participant.

10.2 Prohibition Against Diversion of Funds - It shall be impossible by operation of the Plan, by collateral arrangement or by other means, for any assets of the Plan 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 Loans to Participants - Notwithstanding any other provision in the Plan to the contrary, the Board may make loans to Participants. Each loan shall be based upon a written application made to the Board by the Participant setting forth the desired loan amount and such other information as may be deemed pertinent by the Board. The Board shall have the final and exclusive right to determine the propriety, amount and terms of any loan to be made.

In addition to such rules and regulations as the Board may from time to time adopt, all loans shall comply with the following terms and conditions:

(a) Each loan shall be deemed to be, and shall be accounted for as, a specific investment of the borrowing Participant's account value which shall be the sole source of, and a limit on the amount of, such loans.

(b) Except as otherwise permitted by the Board and permitted on a non-discriminatory basis under the Internal Revenue Code, the amount of any loan, when added to the outstanding balance of all other loans to the Participant from the Plan or any other qualified retirement plan of the State or any related employer (as defined in Section 414(b), (c) or (m) of the Internal Revenue Code), shall not exceed the lesser of: (i) \$50,000 reduced by the excess of: (A) the highest outstanding balance of loans from the Plan to the Participant during the twelve months ending on the day before the loan is made, over (B) such balance on the day the loan is made, or (ii) 50% of the Participant's account valued as of the Valuation Date or Special Valuation Date, which-ever last occurred, preceding the date on which the loan is approved (adjusted for subsequent contributions and/or distributions).

For purposes of this Section any loan from any other plan maintained by the Employer and any Related Employer shall be treated as if it were a loan made from the Plan. The Participant's vested interest under any such other plan shall be considered a vested interest under this Plan provided, that this paragraph shall not be applied as to allow the amount of the loan to exceed the amount that would otherwise be permitted in absence of this paragraph.

(c) The period of repayment for any loan shall be arrived at by mutual agreement between the Board and the Participant, but, except for home loans (as defined in Section 72(p)(2)(B)(ii) of the Internal Revenue Code), shall in no event exceed five years. Except as otherwise permitted in regulations issued by the Internal Revenue Service, and subject to any acceleration or early repayment provisions in the loan agreement, each loan shall be repaid in substantially level payments of principal and interest, not less frequently than quarterly, over the term of the loan.

(d) Each loan shall be secured by the Participant's promissory note for the amount of the loan, including interest, payable to the order of the Board of Trustees for the benefit of the Plan, and by an assignment (notwithstanding any contrary provisions in this Plan) of all or any portion of the Participant's right, title and interest in and to his account, provided, however, that the terms of the assignment may not permit the Board, prior to the Participant's death or other termination of employment, the attainment of age 59½ or the termination of the Plan, to charge the Participant's Account for any amount of principal or interest which may be in default under the terms of the loan. The loan shall also be secured with such other collateral, if any, as the Board, in its sole discretion, may deem necessary to adequately secure the repayment of the loan and interest.

(e) Each loan shall bear interest at a reasonable rate to be fixed by the Board, but not to exceed the maximum rate permitted under all applicable usury laws. The Board shall not discriminate among Participants in the matter of interest rates, but loans granted at different times may bear different interest rates if, in the opinion of the Board, the difference in rates is justified by a change in general economic conditions, or the method selected for determining the interest rate on a routine basis.

(f) No distribution shall be made to any Participant or Beneficiary unless and until all unpaid loans made to the Participant, including accrued interest thereon, have been liquidated.

(g) In the event of default the Board will take such action as may be necessary to protect the account and best secure maximum repayment of the outstanding debt. The Participant shall be liable for all costs incurred by the Board in connection with the default, including reasonable attorneys' fees. In no event shall the fact that a loan is secured by a Participant's interest in his or her account be construed as limiting the Participant's personal obligation to repay the loan in full in accordance with its terms. The Board may, if permitted by the Internal Revenue Code and applicable regulations, declare a default and, after notice to the Participant, cure said default by declaring a taxable distribution of the then outstanding loan amount.

(h) Loans shall be permitted from any Annuity Contract or individual Custodial Account in which a Participant has an interest, but such loans shall be permitted only if authorized by the contract or custodial agreement, and only under the terms and conditions contained in such contract or agreement. In such event repayments shall be made to the Annuity Contract or individual Custodial Account. The Employer shall have no security interest in such contract or Custodial Account because of the loan.

(i) To minimize the instances in which Participants have taxable income as a result of loans from the Plan, the Administrator shall take such steps as may be appropriate to coordinate the limitations or loans set forth in Article 10.3 including the collection of information concerning the outstanding balance of any loans made to a Participant under the Plan or any other plan of the Employer. The Administrator shall also take such steps as may be appropriate to collect information concerning any failure by a Participant to repay timely any loans made to a Participant under the Plan or any other plan of the Employer. The Administrator may require, as a condition of any loan, that the Participant authorize the Administrator to disclose or receive information pertaining to such other plans and loans.

The Board, at any time and in its sole discretion, may suspend the operation of this Section 10.3; provided, however, that such suspension shall not affect any loan then outstanding. Further, the Board shall have the right from time to time to adopt such rules, limitations and procedures as it may deem appropriate with respect to Participant loans, including provisions for payment of identifiable loan expenses by the Participant that receives the loan, or a requirement that loans be repaid through automatic payroll deduction, or by automatic transfer from the Participant's bank account.

10.4 Annuity Contracts and Custodial Accounts – All investments under this Plan, including contributions, investment gains, or amounts received because of roll-over, authorized investment exchange, or plan to plan transfer, shall be made as either:

(a) An individual or group insurance annuity contract that contains all of the requirements for a tax deferred 403(b) annuity contract, including requirements of the Internal Revenue Code, regulations and applicable insurance law. Any such contract shall be non-assignable and non-forfeitable.

(b) An individual custodial account that, pursuant to a custodial agreement, meets all requirements of the Internal Revenue Code, regulations, and applicable banking and securities law for a tax deferred 403(b)(7) custodial account. Such accounts shall be exclusively invested in the stock of regulated investment companies as required by 403(b)(7) and shall be non-assignable and non-forfeitable.

(c) The group custodial account of Article 10.5.

10.5 Group Custodial Account – The Group Custodial Account shall be a custodial account of a bank or other entity authorized as a custodian under 403(b) and applicable provisions of the Internal Revenue Code. The account shall be maintained as a group account in the name of the Plan, and shall consist exclusively of: (a) the shares of one or more regulated investment companies as permitted by section 403(b)(7); (b) associated cash from contributions awaiting investment, or liquidation of an existing balance awaiting re-investment or distribution. The Participants that select a fund within the group custodial account as a repository for their investment shall own an individual proportionate interest in the Group Custodial Account, subject to the following rules:

(a) The account is subject to all of the restrictions, distinctions and obligations of the Internal Revenue Code pertaining to such an account;

(b) Neither the State of Maryland or any related employer that participates in the Plan shall own any interest in the account;

(c) The account shall only be liable for its proportionate share of Plan expense;

(d) The account shall be maintained for the exclusive benefit of the Participants selecting the account as their 403(b) Plan investment;

(e) Associated cash and shares shall be held in the name of the Plan, and/or the custodian, but at all times the custodian shall maintain such records as are necessary to calculate and determine the value of the individual interests of the Participants maintaining an investment in the account.

(f) The custodian may, through appropriate delegation and indemnity agreements, delegate responsibility for maintenance of account records, required Participant notifications, and necessary tax withholding and reporting to the Administrator of the Plan, and shall do so by separate written agreement between itself and the Administrator.

(g) The Board shall establish and maintain separate regulated investment company funds for the group Custodial Account and shall allocate the assets of the account among such funds pursuant to the investment category designations of the Participants.

(h) The Board may select for Participant designation such regulated investment companies as it deems appropriate.

(i) In accounting for expenses of the account the Board may provide for reasonable methods of crediting to Participants such amounts as are returned to the account from the sponsor/distributor of a regulated investment company as a reduction of expense, including crediting such amounts to: (i) all Participants within the group Custodial Account, or; (ii) only those Participants participating in the particular investment option that generates the reduced expense.

(j) 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 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 his or her Account.

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 options or contracts offered under the Plan, or to affect the employer-employee relationship between the State and any Employee, all of which powers are reserved to the Board unless expressly granted to the Administrator.

(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 indemnities 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 indemnities 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.

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.

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. This standard of conduct shall not

convert the interest of a Participant to a trust, and the Accounts hereunder shall at all times be held as insurance contracts or Custodial Accounts, as required by Section 403(b).

11.5 Litigation - In any action or judicial proceeding affecting the Plan and the annuity contracts and Custodial accounts hereunder 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 Participants out of their Accounts in the Plan. In allocating such expenses among the Accounts within the Plan, 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 in 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.

11.11 Annuity Contracts and Individual Custodial Accounts – The Board and its Administrator shall exercise authority over Participants accounts in Annuity Contracts and Individual Custodial Accounts in a manner consistent with this Article, but allowing for any differences created by particular contract provisions. Conflicts between administrative provisions of this Plan and Annuity Contracts and Custodial Accounts shall be resolved under the provisions of Article XIV.

11.12 Information Sharing Agreements – The Administrator may enter into agreements to share contract and participant information with insurance companies and custodians for purposes of compliance with applicable IRS regulations relating to distributions and transfer of account values.

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 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. Notice may also be given when the amendment is posted in the web site maintained by the Board for Plan Participants. 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 Effect of Amendment – Any Amendment under this Article shall not affect or specific provisions contained in an Annuity Contract or individual Custodial Account maintained under the Plan.

12.3 Amendment Required by Federal Law - Notwithstanding the provisions of Article 12.1, the Plan 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 amendment of existing statutes, reserves the right, at any time, to terminate its obligation to allow contributions to be made to the Plan, or to terminate the entire Plan.

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 VII and VIII.

13.3 Allocation and Distribution - This Section shall become operative in any of the following events: (a) a complete discontinuance of contributions to the Plan; (b) a suspension of contributions to the Plan which ripens into a complete discontinuance of contributions; or (c) 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 Plan assets, distributed to them as soon as is practicable after such termination.

As an alternative to immediate distribution of the accounts under the Plan, the Board, in its discretion, and subject to its option at any time to require the complete distribution of the Account to the then Participants, may defer commencement of distribution to each Participant until such Participant reaches his or her Distribution Date, at which time the Participant shall have the same powers to direct the Board and Administrator 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 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 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 to, any other 403(b) 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

Miscellaneous

14.1 Elections by Participating Counties and Other Entities – A county or other independent entity that desires to participate in this Plan shall approve participation by a formal Resolution adopted at a public meeting. The Resolution shall be adopted by the governing body that has authority over payroll management and, under provisions of state law and practice, may authorize payroll deductions, procedures, benefits and contributions made through a reduction in salary.

14.2 Consent to Reasonable Payroll Requirements – A county or other independent entity must agree as part of participation to meet reasonable requirements of processing for contributions withheld from salary, including electronic transmittal of funds and data.

14.3 Disclosure of Information Concerning Related Plan – A county or other independent entity may participate in this Plan even if it maintains a separate 403(b) plan with other investment options. If the county does maintain such other 403(b) plan the Participants in such other plans must authorize disclosure of relevant account and contribution detail to and from such other plans (including to and from annuity contract issuers and custodians) so that required limitations on distributions, loans, and contributions are observed. The Participating County or other entity must also disclose such information with respect to any payroll information of the Participant, or any information concerning any other benefit plan it maintains that can affect the overall limits or requirements on loans, contributions and distributions.

14.4 Participation by Non-County Educational Authorities – Governmental Entities within the State that qualify as Public Schools under section 403(b), but which are not under direct county authority, may elect to participate in this Plan by meeting the conditions and restrictions set forth in this Article IV.

14.5 Relationship to Optional Retirement Plan – This Plan is a separate and distinct Plan from the plan or plans maintained by State Universities and Colleges under the provisions of State Personnel and Pensions Article, Title 30. The Administrator of this Plan shall cooperate with the Administrator and relevant investment entities of the Optional Retirement Plan, and shall exchange information with such entities so that the requirements of the Internal Code are observed. As expressed in Article 5.3 it is the intention of this Board that this Plan and the Optional Retirement Plan may be considered as a single plan for purposes of any requirement of the Internal Revenue Code concerning aggregation of contributions, distributions, loans, or account values.

14.6 Limitations on Liability of Employer - Neither the establishment of the Plan 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 Plan 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 Plan. Any person having a right or claim under the Plan shall look solely to the Plan 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, 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 403(b) 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).

14.7 Construction - The Plan is intended to comply with all requirements for qualification under section 403(b) of the Internal Revenue Code and related sections, 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. Participation under the Plan will not give any Participant the right to be retained in the service of the Employer nor any right or claim to any benefit under the Plan unless such right or claim has specifically accrued hereunder.

14.8 Anti-Alienation - (a) Subject to section (b) below, no portion of any account or benefit, or interest of a Participant or Beneficiary in the Plan 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.

(b) This provision does not apply to domestic relations orders that are authorized under both the Internal Revenue Code and Maryland law. The Administrator may divide or transfer a Participant's account according to the terms of such an order, and the administration and distribution of the new account created by the Order shall be governed by the terms of this Plan, with the new account holder or alternate payee having the right to make investment and distribution elections available under the Plan. If the new account holder is the spouse or former spouse of a Participant, the distributions may

be made from the account to spouse or former spouse in advance of an otherwise earliest distribution date under the terms of this Plan.

14.9 Notices – The Administrator shall be required to distribute to Participants any notices required by the Internal Revenue Code, including notices concerning:

- (a) tax withholding and rollover distributions required by section 401(a)(31);
- (b) any required statement of investment principles;
- (c) any required information relating to Plan or investment fees or expenses.

The Administrator may, but need not, delegate such duties to custodians or annuity contract issuers.

END OF ARTICLE XIV

ARTICLE XV

Military Benefits

15.1 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.

15.2 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.

15.3 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.

15.4 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.

15.5 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 ARTICLE XV

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