University System of Maryland
Amended and Restated
Deferred Compensation Plan and Trust

Adopted December 4, 2009
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UNIVERSITY SYSTEM OF MARYLAND
DEFERRED COMPENSATION PLAN AND TRUST

The Board of Regents of the University System of Maryland (hereafter "the Board") hereby amends and restates this University System of Maryland Deferred Compensation Plan and Trust (hereinafter referred to as the "Plan"). The Plan consists of the provisions set forth in this document and is applicable to each public employee employed by an eligible employing institution who elects to participate in the Plan. The Plan is effective as to each such public employee upon the date he becomes a "Participant" by signing and filing a Participation Agreement with either the Administrator or such other entity or body designated, from time to time, by the Administrator. The Plan is intended to operate as a Section 457 plan for employees of the State as permitted by Internal Revenue Code Section 457(b) and State Pers. & Pens. Art. Section 30-210; and all funds held by the Plan shall be held by the designated institutions as a separate and distinct fund, either in trust or in an annuity contract otherwise satisfying the requirements of Section 457(g) and Section 401(f) of the Internal Revenue Code, for the exclusive benefit of Participants and their Beneficiaries. Except where an earlier effective date would be necessary to comply with federal law, the amendments made by the restated Plan are effective January 1, 2006.

ARTICLE I.
DEFINITIONS

1.01. Definitions. The following terms used in this Plan shall have the meaning set forth in this Section.

(a) Account Balance shall mean the bookkeeping account maintained with respect to each Participant which reflects the value of the deferred Compensation credited to the Participant, including the Participant's Annual Deferrals, the earnings or loss of the Trust Fund (net of Trust Fund expenses) allocable to the Participant, any transfers for the Participant's benefit, and any distribution made to the Participant or the Participant's Beneficiary. If a Participant has more than one Beneficiary at the time of the Participant's death, then a separate Account Balance shall be maintained for each Beneficiary. The Account Balance includes any account established under Article X for rollover contributions and Article XI for plan-to-plan transfers made 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).

(b) Accounts shall mean the Participant's Regular Account, Employer Matching Account, Rollover Account, and Transfer Account.

(c) Administrator shall mean the person or persons or entity designated by the Board to perform the basic administrative duties and functions under the Plan. In the absence of a designation, the Board shall be the administrator. The Board may appoint more than one Administrator, and limit the responsibility of the appointed party to such matters as it sees fit.

(d) Annual Deferral shall mean the amount of Compensation deferred by a Participant in any year pursuant to Articles II and III of the Plan.
(c) **Applicable Form** shall mean the appropriate form as designated and furnished by the Administrator or Vendor to make an election or provide a notice as required by the Plan. If a written election or consent is not specifically required by the Code, the Administrator or Vendor may prescribe a verbal, electronic, or telephonic instruction in lieu of or in addition to a written form.

(f) **Beneficiary** shall mean the person or persons designated by a Participant to receive any benefits payable upon the Participant's death, or, if none, the Participant's estate.

(g) **Board** shall mean the Board of Regents of the University System of Maryland.

(h) **Code** shall mean the Internal Revenue Code of 1986, as now in effect or as hereafter amended. All citations to sections of the Code are to such sections as they may from time to time be amended or renumbered.

(i) **Compensation** shall mean all cash compensation for services to the Employing Institution, including salary, wages, fees, commissions, bonuses, and overtime pay, that is includible in the Employee's gross income for the calendar year, plus amounts that would be cash compensation for services to the Employing Institution includible in the Employee's gross income for the calendar year but for a compensation reduction election under Section 125, 132(f), 401(k), 403(b), or 457(b) of the Code (including an election by the Participant to defer Compensation under Article II of the Plan). Compensation that would otherwise be paid for a payroll period that begins before Severance from Employment is treated as an amount that would otherwise be paid or made available before an Employee has a Severance from Employment. In addition:

(i) Any compensation described in this Section that is paid by the later of 2½ months after an Employee's Severance from Employment or the end of the calendar year that includes an Employee's Severance from Employment does not fail to be compensation merely because it is paid after the Employee's Severance from Employment. The following are types of post-severance compensation that are not excluded from Compensation because of timing if they are paid within 2½ months following Severance from Employment or the end of the calendar year that includes an Employee’s Severance from Employment:

(A) Payments that, absence a Severance from Employment, would have been paid to the Employee while the Employee continued in employment with the Employing Institution and are regular compensation for services during the Employee's regular working hours, compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar compensation; and

(B) Payments for accrued bona fide sick, vacation, or other leave, but only if the Employee would have been able to use the leave if employment had continued.

(ii) Any payment that is not described in subsection (i) of this Section is not considered Compensation if paid after Severance from Employment, even if it is paid
within 2½ months following Severance from Employment. Thus, for example, Compensation does not include amounts paid after Severance from Employment that are severance pay, unfunded nonqualified deferred compensation, or parachute payments within the meaning of Section 280G(b)(2) of the Code.

(iii) Compensation also includes payments to an individual who does not currently perform services for the Employing Institution by reason of qualified military service (as that term is used in Section 414(u)(1) of the Code) to the extent those payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employing Institution rather than entering qualified military service.

(iv) Compensation also includes compensation described in Treas. Reg. § 1.415(c) 2(g)(4) with respect to Participants who are permanently and totally disabled.

(v) To the extent applicable, Compensation of each Participant shall not exceed the applicable limit established in Section 401(a)(17) of the Code, as adjusted for the cost of living.

(j) Employee shall mean each employee of the Employing Institution, including a contingent employee (other than a contractual or a leased employee or an independent contractor) or an employee whose employment is governed by the terms of a collective bargaining agreement between representatives of the employee's bargaining unit and the State, and under which retirement benefits were the subject of good faith bargaining, unless the bargaining representatives for the bargaining unit and the Employing Institution have agreed to have the employees in the bargaining unit excluded from participation.

(k) Employer Matching Account [Reserved].

(l) Employing Institution shall mean the University System of Maryland and its constituent institutions and centers, which are all governmental entities.

(m) Includible Compensation shall have the same meaning as Compensation; provided, however that an Employee who is in qualified military service (within the meaning of Section 414(u)(1) of the Code) shall be treated as receiving compensation from the Employer during such period of qualified military service equal to (i) the compensation the Employee would have received during such period if the Employee were not in qualified military service, determined base on the rate of pay the Employee would have received from the Employer but for the absence during the period of qualified military service, or (ii) if the compensation the Employee would have received during such period was not reasonably certain, the Employee's average compensation from the Employer during the twelve month period immediately preceding the qualified military service (or, if shorter, the period of employment immediately preceding the qualified military service).

(n) Normal Retirement Age shall mean:

(i) For a Participant who is a member of a State defined benefit retirement system, the age designated by the Participant, but beginning no earlier than the earliest
age at which the Participant may retire under the State defined benefit retirement system in which he participates and receive immediate retirement benefits (without consent of the State and without actuarial or similar reduction), and ending no later than age 70½.

(ii) For a Participant who is a member of the State optional retirement plan, the age designated by the Participant, but beginning no earlier than age 65, and ending no later than age 70½.

(iii) Said designation may be amended by the Participant at any time prior to reaching such designated age. If the Participant shall, for any reason, fail to designate a Normal Retirement Age, the Normal Retirement Age shall be 70½. The Normal Retirement Age specified must be the same for all plans eligible under Code Section 457(b) sponsored by the Employing Institution in which the Participant participates.

(o) Participant shall mean an individual who is currently deferring Compensation (or has previously deferred Compensation) under the Plan by salary reduction or has made a rollover into the Plan and who has not received a distribution of his or her entire benefit under the Plan. Only individuals who perform services for the Employing Institution as an Employee may defer Compensation under the Plan. A Participant shall not include a Beneficiary.

(p) Participation Agreement shall mean the Applicable Form signed by the Employee when he or she commences participation in the Plan, any amendment thereto, and any subsequent agreement in which the Participant designates the amount of his or her Annual Deferral, his or her investment selections, his or her designated Normal Retirement Age, his or her date for commencement of benefits, and his or her method of payments of benefits.

(q) Plan Year shall mean the calendar year.

(r) Regular Account shall mean the Account maintained for a Participant by the Administrator to which deferrals pursuant to Article II shall be credited.

(s) Rollover Account shall mean the Account maintained for a Participant by the Administrator to which rollover contributions pursuant to Article X shall be credited.

(t) Severance from Employment shall mean the date that the Employee dies, retires, or otherwise has a severance from employment with the Employing Institution, as determined by the Administrator (and taking into account guidance issued under the Code). For an Employee on a leave of absence, such separation shall occur when the leave of absence expires if the Employee does not return to service.

(u) State shall mean the State of Maryland acting through the Employing Institution which has offered this Plan to its Employees.


(w) Transfer Account shall mean the Account maintained for a Participant by the Administrator to which transfers pursuant to Article XI shall be credited.
(x) **Trust** shall mean the trust(s) or contracts created herein to hold Plan assets. A custodial account or contract described in Section 401(f) of the Code is treated as a trust to the extent it is one described in Section 401(f) of the Code and Section 1.457-8(a) of the Treasury Regulations.

(y) **Trust Fund** shall mean the trust fund established to hold the assets of the Plan.

(z) **Trustees** shall mean, with regard to the Trust Fund, the Board. In the case of a contract described in Section 401(f) of the Code, the person or entity holding such contract is treated as the custodial trustee thereof. In the absence of a specific designation by the Board, the Board shall act as trustee for funds not otherwise allocated to a contract described in Section 401(f) of the Code or to a trust.

(aa) **Valuation Date** shall mean each business day.

(bb) **Vendor** shall mean the person(s) or organization(s) appointed by the Administrator to perform service and administrative functions.

**ARTICLE II. PARTICIPATION**

2.01. **Eligibility.** Each Employee shall be eligible to participate in the Plan and defer Compensation hereunder immediately upon becoming employed by the Employing Institution. Each Employee shall also be eligible to participate in the Plan upon establishing a Rollover Account as described in Article X of the Plan. Participation in the Plan is voluntary.

2.02. **Election Required for Participation.** An Employee may elect to become a Participant by executing an election to defer a portion of his or her Compensation (and have that amount contributed as an Annual Deferral on his or her behalf) and filing it with the Administrator. This participation election shall be made on the Participant Agreement provided by the Administrator under which the Employee agrees to be bound by all the terms and conditions of the Plan. The Administrator may establish a minimum deferral amount, and may change such minimums from time to time. The participation election shall also include designation of investment options and designation of a Beneficiary. Any such election shall remain in effect until a new election is filed on the Applicable Form. Each Employee shall also be eligible to participate in the Plan upon establishing a Rollover Account as described in Article X of the Plan.

2.03. **Commencement of Participation.** An Employee shall become a Participant as soon as administratively practicable following the date the Employee files a Participation Agreement pursuant to Section 2.02. Such election shall become effective no earlier than the calendar month following the month in which the election is made. A new Employee may defer Compensation payable in the calendar month during which the Participant first becomes an Employee if a Participation Agreement providing for the deferral is entered into on or before the first day on which the Participant performs services for the Employing Institution.

2.04. **Deferrals of Sick, Vacation, and Back-Pay.** A Participant who has not had a Severance from Employment may elect to defer accumulated sick pay, accumulated vacation
pay, and back-pay if the requirements of Section 457(b) of the Code are satisfied. These amounts may be deferred for any calendar month only if a Participation Agreement providing for the deferral is entered into before the beginning of the month in which the amounts would otherwise be paid or made available and the Participant is an Employee on the date the amounts would otherwise be paid or made available. Compensation that would otherwise be paid for a payroll period that begins before Severance from Employment is treated as an amount that would otherwise be paid or made available before an Employee has a Severance from Employment. In addition, deferrals may be made for former Employees with respect to Compensation described in Section 1.01(i) of the Plan (relating to certain Compensation paid within 2½ months following Severance from Employment, Compensation described in Section 1.415(c)-2(g)(4) of the Treasury Regulations with respect to Compensation paid to participants who are permanently and totally disabled, and Compensation relating to qualified military service under Section 414(u) of the Code).

2.05. Information Provided by the Participant. Each Employee enrolling in the Plan should provide to the Administrator at the time of initial enrollment, and later if there are any changes, any information necessary or advisable for the Administrator to administer the Plan, including, without limitation, whether the Employee is a participant in any other eligible plan under Section 457(b) of the Code.

2.06. Contributions Made Promptly. Annual Deferrals by the Participant under the Plan shall be transferred to the Vendors within a period that is not longer than is reasonable for the proper administration of the Participant's Account Balance. For this purpose, Annual Deferrals shall be treated as contributed within a period that is not longer than is reasonable for the proper administration if the contribution is made to the Trust Fund within 15 business days following the end of the month in which the amount would otherwise have been paid to the Participant.

2.07. Amendment of Participation Election. Subject to other provisions of the Plan, a Participant may at any time revise his or her participation election, including a change of the amount of his or her Annual Deferrals, his or her investment options, and his or her designated Beneficiary on the Applicable Form in accordance with procedures established by the Administrator. Unless the election specifies a later effective date, a change in the amount of the Annual Deferrals shall take effect as of the first day of the next following month or as soon as administratively practicable if later. A change in the investment option shall take effect as of the date provided by the Vendor on a uniform basis for all Employees. A change in the Beneficiary designation shall take effect when the election is accepted by the Vendor. The Participant may revoke his or her election to participate in the Plan by signing and filing with the Administrator (or such other entity as is designated by the Administrator) a written revocation on the Applicable Form and in the procedural manner approved by the Administrator. Any such revocation shall be effective prospectively only.

2.08. Leave of Absence or Sabbatical. Unless an election is otherwise revised, if a Participant is absent from work by leave of absence or sabbatical, Annual Deferrals under the Plan shall continue to the extent that Compensation continues.
2.09. Disability. A disabled Participant may elect Annual Deferrals during any portion of the period of his or her disability to the extent that he or she has actual Compensation (not imputed Compensation and not disability benefits) from which to make contributions to the Plan and has not had a Severance from Employment.

2.10. Cessation of Plan Participation. An Employee shall cease to be a Participant on the distribution of the Employee's entire interest in the Plan.

2.11. Vesting Standards. A Participant shall be 100% vested in the Participant's Accounts.

ARTICLE III.
LIMITATIONS ON AMOUNTS DEFERRED

3.01. Basic Annual Limitation. The maximum amount of the Annual Deferral under the Plan for any calendar year shall not exceed the lesser of (i) the Applicable Dollar Amount or (ii) the Participant's Includible Compensation for the calendar year. The Applicable Dollar Amount is the amount established under Section 457(e)(15) of the Code applicable as set forth below:

<table>
<thead>
<tr>
<th>For the following years:</th>
<th>The Applicable Dollar Amount is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$11,000</td>
</tr>
<tr>
<td>2003</td>
<td>$12,000</td>
</tr>
<tr>
<td>2004</td>
<td>$13,000</td>
</tr>
<tr>
<td>2005</td>
<td>$14,000</td>
</tr>
<tr>
<td>2006 or thereafter</td>
<td>$15,000, adjusted for cost-of-living after 2006 to the extent provided under Section 415(d) of the Code.</td>
</tr>
</tbody>
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3.02. Age 50 Catch-up Annual Deferral Contributions. A Participant who will attain age 50 or more by the end of the calendar year is permitted to elect an additional amount of Annual Deferrals, up to the maximum age 50 catch-up Annual Deferrals for the year. The maximum dollar amount of the age 50 catch-up Annual Deferrals for a year is as follows:

<table>
<thead>
<tr>
<th>For the following years:</th>
<th>The maximum age 50 catch-up dollar amount is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$1,000</td>
</tr>
<tr>
<td>2003</td>
<td>$2,000</td>
</tr>
<tr>
<td>2004</td>
<td>$3,000</td>
</tr>
<tr>
<td>2005</td>
<td>$4,000</td>
</tr>
<tr>
<td>2006 or thereafter</td>
<td>$5,000, adjusted for cost-of-living after 2006 to the extent provided under Section 415(d) of the Code.</td>
</tr>
</tbody>
</table>

3.03. Special Section 457 Catch-up Limitation. If the applicable year is one of a Participant's last three calendar years ending before the year in which the Participant attains Normal Retirement Age and the amount determined under this Section exceeds the amount
computed under Sections 3.01 and 3.02, then the Annual Deferral limit under this Article III shall be the lesser of:

(a) An amount equal to two times the Section 3.01 Applicable Dollar Amount for such year; or

(b) The sum of:

(i) An amount equal to (A) the aggregate Section 3.01 limit for the current calendar year plus each prior calendar year beginning after December 31, 2001, during which the Participant was an Employee under the Plan, minus (B) the aggregate amount of Compensation that the Participant deferred under the Plan during such years, plus

(ii) An amount equal to (A) the aggregate limit referred to in Section 457(b)(2) of the Code for each prior calendar year beginning after December 31, 1978 and before January 1, 2002, during which the Participant was an Employee (determined without regard to Sections 3.02 and 3.03), minus (B) the aggregate contributions to Pre-2002 Coordination Plans for such years.

However, in no event can the deferred amount under this Section 3.03 be more than the Participant’s Compensation for the year. A Participant may not have more than one Normal Retirement Age under the Plan.

3.04. Special Rules. For purposes of this Article III, the following rules shall apply:

(a) Participant Covered By More Than One Eligible Plan. If the Participant is or has been a participant in one or more other eligible plans within the meaning of Section 457(b) 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 III. For this purpose, the Administrator shall take into account any other such eligible plan maintained by the Employing Institution and shall also take into account any other such eligible plan for which the Administrator receives from the Participant sufficient information concerning his or her participation in such other plan.

(b) Pre-Participation Years. In applying Section 3.03, a year shall be taken into account only if (i) the Participant was eligible to participate in the Plan during all or a portion of the year and (ii) Compensation deferred, if any, under the Plan during the year was subject to the Basic Annual Limitation described in Section 3.01 or any other plan ceiling required by Section 457(b) of the Code.

(c) Pre-2002 Coordination Years. For purposes of Section 3.03(b)(ii)(B), "contributions to Pre-2002 Coordination Plans" means any employer contribution, salary reduction, or elective contribution under any other eligible Code Section 457(b) plan, or a salary reduction or elective contribution under any Code Section 401(k) qualified cash or deferred arrangement, Code Section 402(h)(1)(B) simplified employee pension (SARSEP), Code Section 403(b) annuity contract, and Code Section 408(p) simple retirement account, or under any plan for which a deduction is allowed because of a contribution to an organization described in Section 501(c)(18) of the Code, including plans, arrangements or accounts maintained by the Employing Institution or any employer for whom the Participant performed services. However,
the contributions for any calendar year are only taken into account for purposes of Section 3.03(b)(ii)(B) to the extent that the total of such contributions does not exceed the aggregate limit referred to in Section 457(b)(2) of the Code for that year.

3.05. Correction of Excess Deferrals. If the Annual Deferral on behalf of a Participant for any calendar year exceeds the limitations described under this Article III, or the Annual Deferral on behalf of a Participant for any calendar year exceeds the limitations described under this Article III when combined with other amounts deferred by the Participant under another eligible deferred compensation plan under Section 457(b) of the Code for which the Participant provides information that is accepted by the Administrator, then the Annual 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 as soon as administratively practicable.

3.06. Disregard Excess Deferrals. For purposes of Sections 3.01, 3.02 and 3.03, an individual is treated as not having deferred compensation under a plan for a prior taxable year to the extent excess deferrals under the plan are distributed, as described in Section 3.05. To the extent that the combined deferrals for pre-2002 years exceeded the maximum deferral limitations, the amount is treated as an excess deferral for those prior years.

ARTICLE IV.
ACCOUNTS AND REPORTS

4.01. Accounts. The Vendor shall maintain a Regular Account with respect to each Participant, and that Regular Account shall be credited with the Participant's deferred amount for each pay period. In addition, a Rollover Account shall also be maintained for any Participant making rollover contributions to the Plan pursuant to Article X, and a Transfer Account shall also be maintained for any Participant making transfers to the Plan pursuant to Article XI. The balance of such Accounts shall be adjusted daily to reflect any distribution to the Participant and all interest, dividends, account charges and changes of market value resulting from the investment of the Participant's Accounts. If the Board elects to provide Employer Matching Contributions to this Plan, there shall be established an Employer Matching Account.

4.02. Records. The records of each Participant's Account shall be maintained by each Vendor.

4.03. Statements. Statements of each Participant's Account shall be furnished by the Vendor to each Participant at least annually, within ninety (90) days after the end of each calendar year (or such other time as is designated by the Board), and at such more frequent intervals as is determined by the Board and the Administrator. The Vendor may use the Internet or other electronic means of communication to provide statements, if done through secure means. Participant reports shall be deemed to have been accepted by the Participant as correct unless written notice to the contrary is received by the Vendor within sixty (60) days after the mailing or distribution of a report to the Participant.

4.04. Year End Reports. Within ninety (90) days after the end of each Plan Year, a written report shall be prepared by each Vendor and delivered to the Administrator showing the
assets held under the Plan, a schedule of all receipts and disbursements and all material transactions of the Plan during the preceding year. This report shall be in a form and shall contain other information as the Administrator requires. Such reports shall be maintained on file by the Administrator.

4.05. Board Records. The Board's records, and any records of the Administrator (or its designee) pertaining to a Participant's Account, shall be open to inspection by appointment during normal business hours by a Participant, or his or her designated representative. However, no Participant may review any record specifically relating to any other Participant.

ARTICLE V.
VALUATION OF ACCOUNTS

5.01. Valuation of Accounts. Each Participant's Account in the Plan and Trust shall be equal in value to the Participant's amount credited to the Account, plus (i) income earned and market gains for the Account under the Participant's investment selection, less (ii) market losses for the Account, and expenses and charges to such Account under the Participant's particular investment selection and less (iii) assessments and charges made against the Participant's Account by the Vendor, Administrator, or the Trustee for the expenses of the Plan.

5.02. Valuation and Book Value. All interest, dividends, charges for premiums and changes in value due to market fluctuations, or charges or expenses of administration shall be credited or debited to the Participant's Accounts as they occur. All Accounts shall be valued every business day, except in cases where the Administrator authorizes a different valuation method. All reports to the Participant shall be based on fair market value as of the reporting date, except that: (i) investments or investment pools that are measured by daily income accruals and fair or book value of the contracts contained therein shall be valued in that manner, and shall not require independent appraisals of value, and; (ii) the Vendor, in cases where the marketability of an investment has been suspended at a time when value must be determined, may make such reasonable estimates of value of all accounts within such particular investment option as is necessary to determine the value of any interest therein.

5.03. Deposits. In all cases, deposits of deferrals shall be treated as actually made only as of the date the funds are accepted as in good order by the Vendor.

ARTICLE VI.
DECLARATION OF TRUST

6.01. The Trust. Each Participant in the Plan shall have Accounts within the Trust Fund created by the Board under Article IV. The Board may designate those individuals or institutions who shall act as custodial trustees under this Plan from time to time, and execute such further agreements with them as the Board shall deem necessary. The Board may designate more than one institution to act as custodial trustee, or may create sub-trusts. To the extent permitted by federal tax law, custodial accounts and annuity contracts may serve as trusts and the Board may use such combination of trusts and custodial accounts and annuity contracts to hold Plan assets as it shall see fit. Any reference to the Trust Fund shall include such custodial accounts or annuity contracts unless the context clearly indicates to the contrary. As further
described in this Article, each Plan Account, and the Trust Fund as a whole, shall be held in trust for the exclusive benefit of Participants and their Beneficiaries, under the requirements of Section 457(g) of the Code, and the State Pers. & Pens. Art. This Declaration of Trust shall apply to all future contributions and earnings of the Plan and Trust. This Declaration of Trust shall not be interpreted as prohibiting the use of Plan assets to pay fees and other expenses incurred in the maintenance, administration and investment of the Trust Fund, custodial accounts, or annuity contracts, or the Participant's share of Plan administration expense.

6.02. Identification of Trust Assets. All assets of the Plan shall be held in trust or in custodial or annuity contracts as described herein by the Trustees for the exclusive benefit of Participants and their Beneficiaries. Such Trust Fund, and the investments, accounts, contracts, securities and other intangible property and rights that make up the Trust Fund and Plan assets, shall be sufficiently identified by the Trustees and any custodial trustees so that its status as Trust property, or Plan contracts and the individual interests therein, can always be determined. The Trustees shall take all reasonable and necessary steps to execute any documents necessary to effect such trust status or insurance company contract status for existing or future Plan assets.

6.03. Fiduciary Status and Delegation of Duties. The Board is a fiduciary of Plan assets, custodial accounts, or annuity contracts only to the extent required by applicable provision of the Annotated Code of Maryland or the Internal Revenue Code. The assumption of fiduciary status by the Board hereunder shall not extend to, or create, any liability or duty to a Participant with respect to the investment options offered for Participant selection. No provision of this Plan shall be construed in any manner that would be inconsistent with the duties and responsibilities specified herein. The Board, as an entity, may: (a) allocate duties and responsibilities under this Plan to one or more of its members; (b) designate one or more persons or entities in their employ to perform such duties and responsibilities; and (c) determine any matter with respect to this Plan by a majority vote of those individuals then constituting the Board.

6.04. Unclaimed Benefit Payments. If any check or share certificate in payment of a benefit hereunder, which has been mailed by regular United States first-class mail to the last address of the payee furnished to the Vendors by the Administrator or the Participant or Beneficiary, is returned unclaimed, the Vendors shall follow such procedures regarding unclaimed benefit payments that the Administrator has established.

6.05. Duty to Furnish Information. Both the Administrator and the Vendors shall furnish to each other any document, report, return, statement or other information that the other reasonably deems necessary to perform duties imposed under this Plan and Trust or otherwise imposed by law.

6.06. Deposits And Disbursements From The Trust.

(a) Trust Deposits. The Board, acting through the Administrator, shall delegate to the Vendors the responsibility for accepting deposits to this Plan and Trust.

(b) Trust Payments. The Board, acting through the Administrator, shall delegate to the Vendors the responsibility for making payments from the Trust. The Vendors shall make
payments from the Trust to Participants, their Beneficiaries and such other persons as the Plan may provide for from time to time. Such payments shall be made in such manner, in such amounts and for such purposes, including the payment of Plan benefits and the payment of expenses of administration of the Plan, as may be specified in the Plan. The Vendors shall ensure that any payment directed under this Section conforms to the provisions of this Plan and Trust and the provisions of any applicable law. Payments from the Trust shall be made by check (or the check of an agent) or deposit to the order of the payee. Payments or other distributions hereunder may be mailed to the payee at the address last furnished to the Vendors by the Administrator. The Vendors shall not incur any liability or other damage on account of any payment or other distribution made by the Trust in accordance with this Section.

(c) **Allocation of Trust Expenses.** The Board shall pay all expenses of the Trust from the Trust to the extent not paid by the Employing Institution. All expenses of the Trust which are allocable to a particular investment option or Account may be allocated and charged to such investment option or Account as determined by the Trustees. All expenses of the Trust which are not allocable to a particular investment option or Account shall be charged to each such investment option or Account in proportion to the value of such investment options and Accounts as of the close of business of the immediately preceding valuation date.

6.07. **Resignation And Removal Of Trustees.** Any custodial trustee may resign at any time in writing to the Board. Any custodial trustee may be removed by the Board. Upon such resignation or removal, a successor trustee shall be appointed by the Board, and shall have the same powers and duties as those conferred upon the custodial trustees hereunder.

6.08. **No Guarantees.** Neither the Board nor the Administrator guarantees the Trust from loss or depreciation or the payment of any amount which may become due to any person under this Plan and Trust.

6.09. **Parties Bound.** This Plan and Trust shall be binding upon the parties hereto, all Participants in this Plan and Trust and persons claiming under or through them pursuant to this Plan and Trust, and, as the case may be, the heirs, executors, administrators, successors and assigns of each of them.

6.10. **Exclusive Benefit Rule.** An Annual Deferral shall be delivered by the State to the Vendor, or to such other entities selected by the Board to administer such amounts, who shall hold such amounts in trust for the exclusive benefit of Participant and Beneficiaries, to be paid by the Vendor, to the Participant pursuant to Article IV.

**ARTICLE VII.**
**INVESTMENT OF ACCOUNTS**

7.01. **Investment Options.** The Board (or, if the Board delegates this power to the Administrator, the Administrator) shall determine from time to time the permitted investment options of the Trust that are available for selection by Participants and Beneficiaries, who shall select among those options for the investment of their Account Balance. These options may include securities (debt or equity), mutual funds and/or regulated investment companies, annuity contracts, investment contracts, real estate investment trusts, investment pools, bonds, and any
other investment, including collective investment vehicles (whether or not such collective investment vehicles are generally available to the public) and such other investments as are permitted by statute. The Board may also invest in, or arrange for investment in, qualifying custodial accounts and contracts as permitted by Section 457(g)(3) of the Code. In each case, however, regardless of the type of investment, it is the intention of this Plan that the individual interest of each Participant and Beneficiary within this Plan and Trust shall always be capable of identification. The Board shall at all times create and administer the Plan and the investments of the Plan in accordance with requirements of the State Pers. & Pens. Art., and shall only use such designated company or companies as allowed by Section 30-210 of that Article, or successor provision of similar import. The Vendor shall transfer to each such investment option such portion of the assets of the Trust as directed by Participants and Beneficiaries. The Vendor shall manage, acquire or dispose of the assets in an investment option in accordance with the specific investment directions given by the Participants. All income received with respect to, and all proceeds received from, the disposition of property held in an investment option shall be credited to, and reinvested in, such investment option. From time to time, the Board ( or if the Board delegates this power to the Administrator) may eliminate an investment option, and the proceeds thereof shall be reinvested in another investment option in accordance with the directions of the Board or Administrator, as appropriate.

7.02. Participant Investment Options.

(a) Change of Investment Options. The Participant may change the investment options he or she has selected for his or her Account Balance, or a portion of his or her Account Balance, by amending his or her Participation Agreement, and filing such amendment with the Administrator or other entity designated by the Board. Such amendment shall become effective only under such terms and conditions as are set by the Administrator, and at such time as the Vendor is able to change any Account Balance maintained by it for the Participant's benefit under the existing investment options previously chosen by the Participant, to the new investment options selected by the Participant in his or her amended Participation Agreement. Such amendments to the Participation Agreement may be made through electronic means under regular and secure procedures established therefore.

(b) Conditions for Change of Investment Options. Amendments to the Participation Agreement, for purposes of changing an Employee's investment option selection for his or her Account Balance, may be made on the Applicable Form at such times and under such conditions as may be determined from time to time by the Administrator during the Plan Year.

(c) Board's Right to Select Investment Options. The Board may, without consent of any Participant whose investment option selection may be affected, restrict or terminate the right to change an investment option selection for all Participants, or class of Participants. Such change, reduction or termination shall be made in accordance with applicable provisions of the State Pers. & Pens. Art. The maintenance by the Administrator or Vendor of electronic or automated methods of investment option selection, or of methods that permit daily change in investment option 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.
7.03. **Beneficiary Investment Options.** A Beneficiary of a deceased Participant shall have the same rights as a Participant to elect a change of investment option selection.

7.04. **Investment Default.** In the event that a Participant does not have a valid investment direction on file for any portion of the amount in that Participant's Account, the Account shall be invested in any default option or options as determined by the Administrator. In such event, the Participant shall be deemed to have directed that option (or options) for investment of his or her Account. The Administrator intends to establish one or more default investment options based upon various factors, including, but not limited to, market risk, stability and rate of return. If the Administrator has appropriately exercised its fiduciary duty in selecting a default option(s), it shall have no liability for any loss sustained by a Participant or Beneficiary whose Account is invested in the default option(s).

**ARTICLE VIII.**

**BENEFITS**

8.01. **Benefit Payments.** Benefits shall be paid from the Trust in accordance with this Article following a Participant's Severance from Employment, attainment of age seventy and one-half (70½), death, disability or the occurrence of an unforeseeable emergency, as described in Section 8.09. Benefits payable to a Participant or a Beneficiary shall be based upon the value of the Participant's Accounts.

(a) **Severance from Employment.** Upon Severance from Employment, a Participant is entitled to receive a distribution of his or her Accounts under any form of distribution permitted under Section 8.02, subject to Section 8.04, commencing on a date selected by the Participant which may not be later than the required distribution date of Section 401(a)(9) of the Code, as specified in Section 8.04. A Participant may elect to change the commencement date of distribution of the Accounts to a later date otherwise permitted under this Article, so long as the commencement date meets the required distribution commencement date provisions of Section 401(a)(9) of the Code. All benefits shall be paid under a payment option under Section 8.02, subject to Section 8.04.

(b) **Attainment of Age Seventy and One-Half (70½).** Upon attaining age seventy and one-half (70½), a Participant may elect to have benefits commence on a date which is no later than the required distribution date of Section 401(a)(9) of the Code, as specified in Section 8.04. All benefits shall be paid under a payment option under Section 8.02, subject to Section 8.04.

(c) **Death.** In the event of the Participant's death prior to the commencement of benefits under paragraph (a), the value of the Participant's Accounts shall be paid to the Beneficiary under a payment option elected by the Beneficiary under Section 8.02, subject to the restrictions in Section 8.06. Such benefits shall be payable commencing within sixty (60) days after receipt by the Administrator of satisfactory proof of the Participant's death. However, if the Beneficiary is the spouse of the Participant, then the spouse may elect within sixty (60) days of Participant's death, to defer distribution to a date not later than the date when the Participant would have attained age seventy and one-half (70½). In the event of the Participant's death after commencement of benefits, benefits shall be paid subject to Section 8.04.
(d) Disability. Upon Severance from Employment because of disability, a Participant may elect to have benefits commence on a date which is no later than age seventy and one-half (70½). All benefits shall be paid under a payment option under Section 8.02, subject to the restrictions in Section 8.04. A Participant who has previously made an election under this Section shall have the opportunity to change his or her election pursuant to this paragraph.

8.02. Payment Options. The election of a payment option by a Participant or a Beneficiary under Section 8.01 must be made no later than thirty (30) days before the commencement of such benefits. Subject to restrictions established by the Administrator, the methods of payment of benefits available for election by a Participant shall be either: (i) a single sum payment of the entire value of the Participant's Account; (ii) an installment schedule of monthly, quarterly or yearly payments of a period of one or more years; (iii) through purchase of an individual fixed or variable annuity contract for that Account; (iv) a series of payments on an annuity basis as if an annuity contract was purchased for such person, or (v) such method as may be allowed under procedures described by the Administrator and allowed by the Trustee holding the account. It is the Participant's responsibility to notify the Administrator when he or she separates from State service, and to make the elections set forth in this Section.

8.03. Lump Sum Settlement. Notwithstanding anything in this Plan to the contrary, if a Participant's Account Balance does not exceed $1,000 at the time of Severance from Employment, the Administrator may effect a lump sum distribution of the Participant's Accounts.

8.04. Minimum Distribution Rules. No payment option may be selected by a Participant unless the amounts payable to the Participant are expected to be at least equal to the minimum distribution required under Section 401(a)(9) of the Code. With respect to distributions under the Plan, the Plan will apply the minimum distribution requirements of Section 401(a)(9) of the Code in accordance with the final Treasury Regulations under Code Section 401(a)(9), as follows:

(a) General Rules.

(i) The requirements of this Section will take precedence over any inconsistent provisions of the Plan.

(ii) All distributions required under this Section will be determined and made in accordance with the Treasury Regulations under Code Section 401(a)(9).

(iii) Distributions to a Participant and his or her Beneficiaries shall only be made in accordance with the incidental death benefit requirements of Section 401(a)(9)(G) of the Code and the Treasury Regulations thereunder.

(b) Time and Manner of Distribution.

(i) The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date.
(ii) If the Participant dies before required distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(A) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, then distributions to the surviving spouse will begin by the later of: (I) December 31 of the calendar year immediately following the calendar year in which the Participant died; or (II) December 31 of the calendar year in which the Participant would have attained age seventy and one-half (70½).

(B) If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, then distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(C) If there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(D) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 8.04(b)(ii), other than Section 8.04(b)(ii)(A), will apply as if the surviving spouse were the Participant.

For purposes of this Section 8.04(b)(ii) and Section 8.04(d), unless Section 8.04(b)(ii)(D) applies, distributions are considered to begin on the Participant's Required Beginning Date. If Section 8.04(b)(ii)(D) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 8.04(b)(ii)(A). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 8.04(b)(ii)(A)), the date distributions are considered to begin is the date distributions actually commence.

(iii) Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first Distribution Calendar Year distributions will be made in accordance with Sections 8.04(c) and 8.04(d). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereafter will be made in accordance with the requirements of Section 401(a)(9) of the Code and the Treasury Regulations.

(c) Required Minimum Distributions During Participant's Lifetime.

(i) During the Participant's lifetime, the minimum amount that will be distributed for each Distribution Calendar Year is the lesser of:
(A) the quotient obtained by dividing the Participant's Account Balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's age as of the Participant's birthday in the Distribution Calendar Year; or

(B) if the Participant's sole Designated Beneficiary for the Distribution Calendar Year is the Participant's spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the Distribution Calendar Year.

(ii) Required minimum distributions will be determined under this Section 8.04(c) beginning with the first Distribution Calendar Year and up to and including the Distribution Calendar Year that includes the Participant's date of death.

(d) Required Minimum Distributions After Participant's Death.

(i) Death On or After Date Distributions Begin.

(A) If the Participant dies on or after the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining Life Expectancy of the Participant or the remaining Life Expectancy of the Participant's Designated Beneficiary, determined as follows:

(1) The Participant's remaining Life Expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, the remaining Life Expectancy of the surviving spouse is calculated for each Distribution Calendar Year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For Distribution Calendar Years after the year of the surviving spouse's death, the remaining Life Expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(3) If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, the Designated Beneficiary's remaining Life Expectancy is calculated using the age of the beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.
(B) If the Participant dies on or after the date distributions begin and there is no Designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining Life Expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) Death Before Date Distributions Begin.

(A) If the Participant dies before the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the remaining Life Expectancy of the Participant's Designated Beneficiary, determined as provided in Section 8.04(d)(i).

(B) If the Participant dies before the date distributions begin and there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(C) If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole Designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 8.04(b)(ii)(A), this Section 8.04(d)(ii) will apply as if the surviving spouse were the Participant.

(e) Definitions.

(i) **Designated Beneficiary** shall mean the individual who is designated as the Beneficiary under Section 8.05 of the Plan and is the designated beneficiary under Section 401(a)(9) of the Code and Section 1.401(a)(9)-1, Q&A-4, of the Treasury Regulations.

(ii) **Distribution Calendar Year** shall mean a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin under Section 8.04(b)(ii). The required minimum distribution for the Participant's first Distribution Calendar Year will be made on or before the Participant's Required Beginning Date. The required minimum distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Participant's
Required Beginning Date occurs, will be made on or before December 31 of that Distribution Calendar Year.

(iii) **Life Expectancy** shall mean Life Expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury Regulations.

(iv) **Participant's Account Balance** shall mean the Account Balance as of the last valuation date in the calendar year immediately preceding the Distribution Calendar Year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the Account Balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The Account Balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the Distribution Calendar Year if distributed or transferred in the valuation calendar year.

(v) **Required Beginning Date** shall mean April 1 of the calendar year following the later of (i) the calendar year in which the Participant reaches age seventy and one-half (70½), or (ii) the calendar year in which the Participant retires.

**8.05. Designated Beneficiary.** The Participant shall file with the Administrator, or such other entity as may be designated by the Administrator from time to time, the Applicable Form, designating or changing the person or persons who shall receive any balance of the Participant's Account under this Plan in the event of the Participant's death. The Participant may also designate his or her estate as the Beneficiary of his or her Account, or a trust created by him or her as the Beneficiary. The Applicable Form will have no effect until it is signed and filed with the Administrator, or such other entity as may be designated by the Administrator from time to time. If the Participant dies without having designated a Beneficiary, any payment due shall be made to the properly appointed fiduciary of the Participant's estate. The Participant shall have the burden for executing and filing the Applicable Form. Only the last designation of a Beneficiary prior to receipt of benefits shall have effect, and any new designation of a Beneficiary invalidates, supersedes, and revokes any prior designation.

A Participant shall have the right to designate at least one primary and contingent Beneficiary and to indicate whether the Beneficiaries in each class are to share equally or according to specified percentages. A contingent Beneficiary shall receive benefit payments only if there is no surviving primary Beneficiary. If a Beneficiary predeceases the Participant, the surviving Beneficiaries in the same class (i.e., primary or contingent) will share among each other all benefits in the same proportion as originally designated by the Participant. In the event of the death of a Beneficiary after the Beneficiary has become entitled to receive benefits, the remaining benefits shall be paid to the estate of the Beneficiary in a lump sum.

**8.06. Voluntary In-Service Distribution.** A Participant who is an active Employee of the Employing Institution may elect to receive a distribution of the Participant's Regular Account, Transfer Account and Employer Matching Account under the Plan before a Severance of Employment if the following requirements are met:
(i) the Participant's Regular Account and Transfer Account does not exceed the amount specified under Section 411(a)(11) of the Code (as of January 1, 2001, $5,000) on the date of the distribution,

(ii) the Participant has not previously received an in-service distribution of the Participant's Regular Account, and

(iii) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution.

This election must be made in accordance with the procedures established by the Administrator.

8.07. Distributions from the Rollover Account. Effective January 1, 2005, a Participant shall have the right to a distribution of the Participant's Rollover Account at any time at the direction of the Participant, subject to any applicable penalties or other distribution requirements under the Code.

8.08. Unforeseeable Emergency Distributions. Notwithstanding any other provision herein and subject to guidelines and requirements set forth in procedures established by the Administrator, individuals with an Account Balance may request that benefits be paid in the event of an unforeseeable emergency, including individuals who are no longer employed by the Employing Institution but who still have an Account Balance and individuals who are currently receiving benefits under the Plan which are not being paid as an annuity. If the Participant has an unforeseeable emergency before Severance from Employment, the Participant may elect to receive a lump sum distribution equal to the amount requested or, if less, the maximum amount determined by the Administrator to be permitted to be distributed under this Section.

(a) Requests for Unforeseeable Emergency Distributions. All requests for unforeseeable emergency distributions shall be made initially to the Administrator or such other entity as may be designated by the Administrator from time to time. Any decision made by the Administrator or its designee shall be final and conclusive. The Administrator may establish restrictions following a distribution pursuant to this Section.

(b) Unforeseeable Emergency Defined. An unforeseeable emergency is defined as a severe financial hardship of the Participant resulting from: an illness or accident of the Participant, the Participant's spouse, or the Participant's dependent (as defined in Section 152 of the Code without regard to Section 152(b)(1), (b)(2), and (d)(1)(B)); loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster); the need to pay for the funeral expenses of the Participant's spouse or dependent (as defined in Section 152 of the Code without regard to Section 152(b)(1), (b)(2), and (d)(1)(B)); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. For example, the imminent foreclosure of or eviction from the Participant's primary residence may constitute an unforeseeable emergency. In addition, the need to pay for medical expenses for you, your spouse, or your dependent (as defined in Section 152 of the Code without regard to Section 152(b)(1), (b)(2), and (d)(1)(B)), including non-refundable deductibles, as well as for the cost of prescription drug medication, may constitute an unforeseeable...
emergency. Except as otherwise specifically provided in this Section, neither the purchase of a home nor the payment of college tuition is an unforeseeable emergency.

(c) Unforeseeable Emergency Distribution Standard. A distribution on account of unforeseeable emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or by cessation of deferrals under the plan.

(d) Distribution Necessary To Satisfy Emergency Need. Distributions because of an unforeseeable emergency may not exceed the amount reasonably necessary to satisfy the emergency need (which may include any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution).

(e) Possible Class Restriction. The Administrator may further limit and/or prohibit such withdrawals for classes of accounts maintained under the Plan.

(f) Special Relief for Distributions. Notwithstanding the other provisions of this Article, the Administrator may authorize the Vendors to make any distribution authorized by the Internal Revenue Service or by Act of Congress in response to a natural disaster.

ARTICLE IX.
ELIGIBLE ROLLOVERS FROM THIS PLAN

9.01. Plan Distributions and Withholding Requirements. Notwithstanding any provisions of the Plan to the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

9.02. Definitions.

(a) An "Eligible Rollover Distribution" is any distribution of all or any portion of the balance to the credit of the Distributee payable pursuant to Article VIII, except that an Eligible Rollover Distribution does not include (i) 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 the Distributee's designated beneficiary, or for a specified period of ten (10) years or more; (ii) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; (iii) the portion of any distribution that is not includible in gross income; or (iv) any distribution which is made upon the hardship of the Distributee.

(b) An "Eligible Retirement Plan" is an individual retirement account described in Section 408(a) of the Code; an individual retirement annuity described in Section 408(b) of the Code; effective January 1, 2008, a Roth individual retirement annuity or account described in Section 408A of the Code; an annuity plan described in Section 403(a) of the Code; a tax-sheltered annuity or account described in Section 403(b) of the Code; a qualified trust described in Section 401(a) of the Code; an annuity contract described in Section 403(b) of the Code; and
an eligible plan described in Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state, that accepts the Distributee's Eligible Rollover Distribution, and which agrees to separately account for amounts transferred into such plan from this Plan. The definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code. Effective January 1, 2010, the definition of an Eligible Retirement Plan for a nonspouse designated beneficiary (as defined in Section 401(a)(9)(E) of the Code) of a deceased Participant means an individual retirement annuity account established for the purpose of receiving a distribution from this Plan and treated an inherited individual retirement account or annuity (within the meaning of Section 408(d)(3)(c) of the Code).

(c) A "Distributee" includes an Employee, former Employee, Employee's spouse or a former Employee's spouse. Effective January 1, 2010, a Distributee also includes a nonspouse designated beneficiary (as defined in Section 401(a)(9)(E) of the Code) of a deceased participant. In addition the Employee’s, or former Employee's, former spouse who is the alternate payee under a domestic relations order, as defined in Section 414(p) of the Code, as amended from time to time.

(d) A "Direct Rollover" is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

9.03. Explanation of Plan Distribution and Withholding Requirements. Each Distributee shall be provided, within a reasonable period of time before making an Eligible Rollover Distribution, a written explanation which explains: (i) the direct rollover rules, (ii) the mandatory income tax withholding on distributions not directly rolled over, (iii) the tax treatment of distributions not rolled over (including the special tax treatment available for certain lump sum distributions), and (iv) when distributions may be subject to different restrictions and tax consequences after being rolled over.

ARTICLE X.
ELIGIBLE ROLLOVERS TO THIS PLAN

10.01. Participant Rollovers. At any time, a Participant who is an Employee and who is entitled to receive an eligible rollover distribution, as defined under Section 402(c)(4) of the Code and Section 9.02(a) of the Plan, from another eligible retirement plan may contribute to the Plan in cash as a rollover contribution, a qualified rollover amount from a qualified plan under Section 401(a) of the Code, an annuity plan under Section 403(a) of the Code, an individual retirement account under Section 408(a) of the Code or individual retirement annuity under Section 408(b) of the Code, an eligible governmental deferred compensation plan under Section 457(b) of the Code, or a tax-sheltered annuity under Section 403(b) of the Code, provided that the Administrator, in its discretion, determines that the contribution satisfies all applicable requirements of the Code. A rollover contribution shall be allocated to the Rollover Account of the Participant as of the date of the contribution. The Participant's Rollover Account shall be invested in the same manner as the Participant's Regular Account.
10.02. Administrator Requirements. The Vendor may require such documentation from the distributing plan as it deems necessary to effectuate the rollover in accordance with Section 402 of the Code and to confirm that such plan is an eligible retirement plan within the meaning of Section 402(c)(8)(B) of the Code. With respect to receipt or transfer of Account Balances under this Article the Vendor may rely upon representations made by either the Participant or other plan (made through those having apparent authority to make them).

10.03. Separate Accounts for Rollovers. The Vendor shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan from any eligible retirement plan that is not an eligible governmental plan under Section 457(b) of the Code. In addition, the Vendor shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan from any eligible retirement plan that is an eligible governmental plan under Section 457(b) of the Code.

ARTICLE XI.
PLAN-TO-PLAN TRANSFERS

11.01. Direct Transfers Among Plans of the Same Employing Institution. A transfer from this Plan to another eligible governmental plan of the same Employing Institution and a transfer to this Plan from another eligible governmental plan of the same Employing Institution is permitted under the following conditions:

(i) The transfer is from an eligible governmental plan to another eligible governmental plan of the same Employing Institution (and, for this purpose, the Employing Institution is not treated as the same employer if the Participant’s compensation is paid by a different entity);

(ii) The transferor plan provides for transfers;

(iii) The receiving plan provides for the receipt of transfers;

(iv) The Participant or Beneficiary whose amounts deferred are being transferred will have an amount deferred immediately after the transfer at least equal to the amount deferred with respect to that Participant or Beneficiary immediately before the transfer; and

(v) The Participant or Beneficiary whose deferred amounts are being transferred is not eligible for additional annual deferrals in the receiving plan unless the Participant or Beneficiary is performing services for the entity maintaining the receiving plan.

11.02. Plan-to-Plan Transfers from the Plan to the Plan of Another Employer.

(a) Requirements for Transfer. At the direction of the Employer, the Administrator may permit a class of Participants and Beneficiaries to elect to have all or any portion of their Account Balance transferred to another eligible governmental plan within the meaning of Section 457(b) of the Code and Section 1.457-2(f) of the Treasury Regulations. A transfer is permitted under this Section 11.02(a) for a Participant only if the Participant has had a Severance from
Employment with the Employing Institution and is an employee of the entity that maintains the other eligible governmental plan. Further, a transfer is permitted under this Section 11.02(a) only if the other eligible governmental plan provides for the acceptance of plan-to-plan transfers and if each Participant and Beneficiary has an amount deferred under the other plan immediately after the transfer at least equal to the amount transferred. The Administrator may require such documentation from the receiving plan as it deems appropriate or necessary to comply with this Section 11.02 (for example, to confirm that the receiving plan is an eligible governmental plan and to assure that the transfer is permitted under the receiving plan) or to effectuate the transfer pursuant to Section 1.457-10(b) of the Treasury Regulations.

(b) Effect of Transfer. Upon the transfer of assets under this Section 11.02, 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.

11.03. Plan-to-Plan Transfers to the Plan. At the direction of the Employing Institution, the Administrator may permit a class of Participants who are participants in another eligible governmental plan under Section 457(b) of the Code to transfer assets to the Plan as provided in this Section. Such a transfer is permitted only if the other plan provides for the direct transfer of each Participant's interest therein to the Plan. The Administrator may require in its sole discretion that the transfer be in cash or other property acceptable to the Administrator. The Administrator and Vendor may require such documentation from the other plan as it deems necessary to effectuate the transfer in accordance with Section 457(e)(10) of the Code and Section 1.457-10(b) of the Treasury Regulations and to confirm that the other plan is an eligible governmental plan as defined in Section 1.457-2(f) of the Treasury Regulations. The amount so transferred shall be credited to the Participant's Transfer Account and shall be held, accounted for, administered and otherwise treated in the same manner as an Annual Deferral by the Participant under the Plan, except that the transferred amount shall not be considered an Annual Deferral under the Plan in determining the maximum deferral under Article IV.

11.04. Permissive Service Credit Transfers. If a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in Section 414(d) of the Code) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the Participant's Account Balance transferred to the defined benefit governmental plan. A transfer under this Section 11.04 may be made before the Participant has had a Severance from Employment. A transfer may be made under Section 11.04 only if the transfer is either for the purchase of permissive service credit (as defined in Section 415(n)(3)(A) of the Code) under the receiving defined benefit governmental plan or a repayment to which Section 415 of the Code does not apply by reason of Section 415(k)(3) of the Code.

11.05. Direct Transfers to this Plan. Subject to the approval of the Administrator, this Plan shall accept cash transfers of Participants' accounts maintained under an eligible Section 457 plan directly to this Plan.

11.06. Representations. With respect to receipt or transfer of account balances under this Article the Board, Administrator and Vendor may rely upon representations made by either the Participant or the other Section 457 plan (made through those having apparent authority to make them) with respect to matters relevant for the transfer.
11.07. Plan Charges. An Employee who has become a Participant through a transfer allowed by this Section shall be liable for Plan charges and expenses in the same manner and to the same extent as any other Participant notwithstanding the fact that all or part of his or her existing Account Balance may have been derived from contributions and earnings attributable to another plan. In addition, the Board may from time to time impose charges on said transfers to be deducted directly from the Participant's Transfer Account in this Plan once the transfer has occurred.

11.08. Effect of Elections. Neither this Plan nor a new Participant making such a transfer shall be bound by any elections or designations (whether of a commencement date of distributions, or manner of distributions, designation of retirement age or beneficiaries) made under such other plan, but, instead, shall make and be bound by such elections and designations as are required under this Plan.

ARTICLE XII.
DOMESTIC RELATIONS ORDERS

12.01. General Provisions. If authorized by the Administrator, domestic relations orders which satisfy the requirements of Sections 414(p)(1)(A)(i) and 414(p)(1)(B) of the Code, this Article, and the procedures established by the Administrator for such orders may be considered Plan-Approved Domestic Relations Orders ("PADROs") and may be honored by the Plan. If the Administrator determines to honor PADROs, this Article will apply to those PADROs. If the Administrator determines that certain PADROs will not be honored, then this Article shall not be interpreted as requiring that those PADROs be honored. The Administrator is authorized to establish and amend procedures for the determination of PADROs (including procedures for the resolution of disputes) consistent with the above-referenced Code provisions and this Article.

12.02. Administration of Covered PADROs. In administration of this Plan, the Administrator or the Vendors, as appropriate, may establish such procedures as enable any discrete interest of an alternate payee established under a PADRO to be separately accounted for and distributed. Any funds held under such a separate account shall not be distributed in any form or manner that would cause the Plan to become an ineligible plan under Code Section 457. This Article shall not be construed as requiring the Administrator or Vendors to recognize or make distributions under any PADRO whose validity is in doubt.

12.03. Investments of Covered PADROs. During any period that the issue of whether an order satisfies the applicable requirements of the Code and the procedures established by the Administrator is under consideration, the investment direction of the Participant with respect to the Participant's Accounts shall remain in effect, subject to a determination by the Administrator that such investment direction would be contrary to a final court order. After a determination has been made that a domestic relations order satisfies the applicable requirements of the Code and the procedures established by the Administrator and a separate Plan Account has been established for the alternate payee, the alternate payee shall direct the investment of his or her Plan Account. The Administrator shall direct the investment of an alternate payee's Account to a default investment pursuant to Section 7.04 when there is no valid investment direction on file.
The alternative payee's Account shall be assessed administrative fees in the same amount and in the same manner as a Participant's Account.

12.04. Distributions to Alternate Payees of Covered PADROs. Distribution of benefits to the alternate payee shall commence as soon as administratively practicable after (i) a determination is made that the order satisfies the applicable requirements of the Code and the procedures established by the Administrator, and (ii) receipt by the Administrator of the Applicable Forms for the election of benefits. In the event of an alternative payee's death, any remaining benefits shall be payable solely to the alternate payee's estate, via the duly-appointed and then-currently serving executor of the alternative payee's estate.

ARTICLE XIII.
LOANS

13.01. Loans. A Participant who is an Employee may apply for and receive a loan from his or her Account Balance as provided in this Section. Any such loan may not be for an amount less than the minimum amount specified by the Vendor in accordance with the applicable law.

13.02. Maximum Loan Amount. No loan to a Participant hereunder may exceed the lesser of:

(i) $50,000, reduced by the greater of (i) the outstanding balance on any loan from the Plan to the Participant on the date the loan is made or (ii) the highest outstanding balance on loans from the Plan to the Participant during the one-year period ending on the day before the date the loan is approved by the Vendor (not taking into account any payments made during such one-year period), or

(ii) one-half or a lesser percentage as determined by the Vendor of the value of the Participant's vested Account Balance (as of the Valuation Date immediately preceding the date on which such loan is approved by the Administrator).

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

13.03. Terms of Loan. The terms of the loan shall:

(i) require level amortization with payments not less frequently than quarterly throughout the repayment period, except that alternative arrangements for repayment may apply in the event that the borrower is on an bona fide unpaid leave of absence for a period not to exceed one year for leaves other than a qualified military leave within the meaning of Section 414(u) of the Code or for the duration of a leave which is due to qualified military service;
(ii) require that the loan be repaid within five years unless the Participant certifies in writing to the Administrator that the loan is to be used to acquire any dwelling unit which within a reasonable time is to be used (determined at the time the loan is made) as a principal residence of the Participant; and

(iii) provide for a reasonable interest rate established by the Vendor in accordance with the applicable law.

13.04. Security for Loan; Default.

(a) Security. Any loan to a Participant under the Plan shall be secured by the pledge of the portion of the Participant's interest in the Plan invested in such loan.

(b) Default. In the event that a Participant fails to make a loan payment under this Section within ninety (90) days after the date such payment is due, a default on the loan shall occur. In the event of such default, (i) all remaining payments on the loan shall be immediately due and payable, (ii) effective as of the first day of the calendar month next following the month in which any such loan default occurs, the interest rate for such loan shall be (if higher than the rate otherwise applicable) the rate being charged on loans from the Plan that are approved by the Administrator in the month in which such default occurs, (iii) no contributions shall be made on such Participant's behalf prior to the first payroll period that follows by twelve (12) calendar months the date of repayment in full of such loan, and (iv) the Participant shall be permanently ineligible for any future loans from the Plan.

In the case of any default on a loan to a Participant, the Administrator shall apply the portion of the Participant's interest in the Plan held as security for the loan in satisfaction of the loan on the date of Severance from Employment. In addition, the Administrator shall take any legal action it shall consider necessary or appropriate to enforce collection of the unpaid loan, with the costs of any legal proceeding or collection to be charged to the Account Balance of the Participant.

Notwithstanding anything elsewhere in the Plan to the contrary, in the event a loan is outstanding hereunder on the date of a Participant's death, his or her estate shall be his or her Beneficiary as to the portion of his or her interest in the Plan invested in such loan (with the Beneficiary or Beneficiaries as to the remainder of his or her interest in the Plan to be determined in accordance with otherwise applicable provisions of the Plan).

13.05. Repayment. Repayment of a loan may be made by payroll deduction, by direct payment to the Plan, by direct debit of the Participant's checking account, or may such other means as the Vendor may permit. A Vendor may require the Participant, as a condition to receiving a loan, to enter into an irrevocable agreement authorizing the Employing Institution to make payroll deductions from his or her Compensation as long as the Participant is an Employee and to transfer such payroll deduction amounts to the Trustee in payment of such loan plus interest. Repayments of a loan shall be made in equal installments (comprised of both principal and interest) each due date, with the first such repayment to be made as soon as practicable after the loan funds are disbursed; provided however, that a Participant may prepay the entire outstanding balance of his or her loan at any time; and provided, further, that if any payroll
deductions cannot be made in full because a Participant is on an unpaid leave of absence or the Participant's paycheck is insufficient for any other reason, the Participant shall pay directly to the Plan the full amount that would have been deducted from the Participant's paycheck, with such payment to be made by the last business day of the calendar month in which in which the amount would have been deducted.

13.06. Special Relief for Loans. Notwithstanding any other Sections of this Article, the Administrator may authorize the Vendors to observe the terms of any Internal Revenue Service guidance or Act of Congress regarding plan loans, which guidance or Act was issued or enacted in response to a natural disaster.

ARTICLE XIV.
ADMINISTRATION OF PLAN AND TRUST

14.01. Compliance with Code Section 457. At all times, the Plan shall be administered in accordance and construed to be consistent with Section 457 of the Code and its accompanying regulations.

14.02. Parties to Plan and Trust. Any private entity or company with which the Board may from time to time contract, whether for purposes of maintaining an investment option for Participants, or for any other purpose, shall not be a party to the Plan, unless the contract specifically provides to the contrary; and any rights or claims against such private entities or companies shall be enforced, adjusted or settled by, and only by, the Board, which may enforce, settle or adjust said claim, or decide not to do so, solely in its own discretion. The Board may delegate its power under this Section to the Administrator.

14.03. Board Responsibility. The Board shall have authority and responsibility for:

(i) appointing, removing and replacing the agents, Administrator, employees, Trustees and others to act on its behalf in executing the terms and purposes of this Plan and any trust agreement;

(ii) amending this Plan and any trust agreement made or insurance contract purchased under this Plan;

(iii) terminating this Plan and any trust agreement or insurance contract under the Plan;

(iv) determining the existence, nature and extent of the rights and interests of any Participant or Beneficiary in this Plan;

(v) designating a means to determine the amount of benefits payable to Participants or their Beneficiaries and determining the time and manner in which such benefits are to be paid;

(vi) establishing and maintaining Participant Accounts and making all allocations thereto in accordance with the provisions of the Plan;
(vii) authorizing disbursements and distributions from the Plan;

(viii) maintaining all records of the Plan, and preparing and filing all reports and other information concerning the Plan that might be required with any agency of the federal or State government;

(ix) complying with all disclosure requirements imposed by State or federal law; and

(x) all other acts permitted or required to be performed by the State under the Plan.

Notwithstanding the preceding, the Board may delegate and transfer such of these powers as it specifies to the Administrator (or entity or body designated by the Board) of the Plan, or to a Trustee designated to hold Plan assets. The Administrator, in turn, may delegate any such power received from the Board to another entity or body. The Board and the Administrator may also delegate ministerial tasks associated with these responsibilities to such agents as it may choose to use, including the Trustee designated to hold Plan assets.

14.04. Reliance On Communications. The Board may rely upon a certification of the Administrator with respect to any instruction, direction or approval of such Administrator and may continue to rely upon such certification until a subsequent certification is filed with the Board. The Board shall have no duty to make any investigation or inquiry as to any statement contained in any such writing but may accept the same as fully authorized by the Administrator.

14.05. Administrative Powers. The Board, or its designee, in performing its duties under this Plan, may:

(i) make contracts with private entities or companies to offer investment options for Participant’s Accounts under the Plan, enforce any right or claim under said contracts, and/or resolve any claim or dispute through negotiation and agreement with such private entity or company;

(ii) make contracts with Vendors and private entities or companies to perform administrative functions under the Plan;

(iii) contract for such advisory services as may be necessary to perform its functions, including legal, accounting, actuarial and employee benefit consulting services, or investment advice.

In making any such contracts relating to investment options the Board shall act pursuant to the authority granted by the State Pers. & Pens. Art.

14.06. Charges.

(a) Charges Against Participants. The Board is authorized to assess such charges against Participant’s Accounts as may be necessary to pay for the expenses of the Plan. The Board may delegate its powers under this Section to the Administrator.
(b) **Methods.** In assessing said charges, the Board or its delegate may calculate same as a percentage of a Participant's deferred salary or Account Balance 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 an Participant's Account as of the closing date for statements of such Account. In assessing such charges, the Board or its delegate need not assess the same charge or type of charge against every Participant, 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.

(c) **Effective Date.** Such charges or assessments will be effective thirty (30) days after they are set by the Board or its delegate and may be amended from time to time upon thirty (30) days notice to the Participant, which shall be given in the same manner as the notice of Plan amendment under Article XVI.

(d) **Reserve Allowed.** In setting the amount of such charges the Board or its delegate may not only consider expenditures already incurred, but may set charges at such a level as to fund a reserve for future expenditures.

(e) **Accounts for Expense Funds.** The Board or its delegate is authorized to establish and maintain bank accounts and short term investments for funds coming into its hands for administration expense or reserves thereof. Records of any such accounts, income and expenditures shall be available on reasonable notice to Participants or their authorized representatives for inspection and any such income and expenditure shall be accounted for in the annual financial statement of the Plan.

(f) **Direct Payment of Plan Expense.** The Board or its delegate, 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 administration expense.

14.07. **Fiduciary Insurance.** The Board may require the purchase of fiduciary liability insurance for any of its fiduciaries to cover liability or losses occurring by reason of the act or omission of a fiduciary.

14.08. **Binding Provisions.** This Plan and any properly adopted amendment shall be binding on the parties hereto and their respective heirs, administrators, trustees, successors, and assigns, and on all designated Beneficiaries of the Participant.

14.09. **Limitation on Recovery.** Participants and Beneficiaries may not seek recovery against the State of Maryland, Board or Administrator, or any member, employee, contractor or agent of the Board or Administrator, for any loss sustained by any Participant or Beneficiary due to the nonperformance of their duties, negligence or any other misconduct of the above-named persons. Neither the State, the Board, nor the Administrator waives any immunity available to them under the laws of the State of Maryland.
ARTICLE XV.
CLAIMS PROCEDURE

15.01. Claims Procedure. Any person who believes that he or she is entitled to any benefit under the Plan, other than a benefit under Section 8.09 (unforeseeable emergency distribution), shall present such claim in writing to the Administrator.

(a) The Administrator shall within ninety (90) days provide adequate notice in writing to any claimant as to the decision of any such claim. Such notice shall be written in a manner calculated to be understood by the Participant. If such claim has been denied, in whole or in part, such notice shall set forth:

(i) the specific reasons for such denial,

(ii) specific reference to any pertinent provisions of the Plan on which denial is based,

(iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary and

(iv) an explanation of the review procedure for the Plan.

(b) The Administrator shall act as a fiduciary in making a full and fair review of such claim.

15.02. Appeals Procedure.

(a) Within sixty (60) days after receipt by the claimant of notification of denial, the claimant shall have the right to present a written appeal, including any additional material to the Administrator. If such appeal is not filed within said sixty (60) day period, the decision of the Administrator shall be final and binding.

(b) The Administrator, in its discretion, may make a decision on appeal without a hearing, in which case a decision by the Administrator shall be made no later than sixty (60) days after its receipt of the appeal. However, if the Administrator decides a hearing at which the claimant or his or her duly authorized representative may be present is necessary and such a hearing is held, such decision shall be rendered as soon as possible, but not later than one hundred twenty (120) days after its receipt of the appeal. Any such decision of the Administrator shall be in writing and shall provide adequate notice to the claimant setting forth the specific reasons for any denial and written in a manner calculated to be understood by a Participant. Any such decision by the Administrator shall be final.

15.03. Report to Board Concerning Claims and Appeals. The Administrator shall present a report to the Board concerning any such claim or appeal.
ARTICLE XVI.
AMENDMENT OF THE PLAN

16.01. Right to Amend Plan. The Board may at any time amend, modify, or terminate this Plan with or without consent of the Participant (or any Beneficiary thereof). No amendment may be effected, however, if it removes Plan assets from the Trust hereunder, or causes Plan assets to be used for a purpose other than the exclusive benefit of Participants and their Beneficiaries. Any modification, alteration, or amendment of the Plan, made in accordance with this Section, may be made retroactively if deemed necessary or appropriate by the Board.

16.02. Right to Suspend Deferrals. Suspension or termination of additional deferral of salary under the Plan generally, or under one or more investment options maintained by the Plan, shall not otherwise restrict or affect other provisions of this Plan. The Board, in its sole discretion, may suspend or terminate additional deferral of salary for (i) all Participants, or (ii) a class of Participants, or (iii) for one or more investment options maintained under the Plan.

16.03. Amendment for Eligible Plan Status. It is the intent of the Board that the Plan shall be and remain an eligible plan under the provisions of Section 457 of the Code and that the Trust be exempt from tax under Section 457 of the Code. The Trustees may make any modifications, alterations, or amendments to the Plan necessary to obtain and retain approval of the Secretary of the Treasury or his or her delegate as may be necessary to establish and maintain the status of the Plan as an eligible plan under the Code or other federal legislation, as now in effect or hereafter enacted, and the regulations issued thereunder. Any modification, alteration, or amendment of the Plan, made in accordance with this Section, may be made retroactively, if necessary or appropriate.

16.04. Effective Date of Amendments. All amendments shall become effective on the date established by the Employing Institution. No amendments shall deprive any Participant of any of the benefits to which the Participant is entitled under this Plan with respect to amounts credited prior to the effective date of the amendment.

ARTICLE XVII.
TERMINATION OF THE PLAN

This Plan may be completely terminated at any time. In such an event, the Employing Institution shall be responsible for directing distribution of all assets of the Trust to Participants, Beneficiaries or to a successor plan, as soon as administratively practicable after the termination of the Plan.

ARTICLE XVIII.
NON-ASSIGNABILITY

18.01. Non-Assignability. Except as provided in Article XII and Section 18.02, the interests of each Participant or Beneficiary under the Plan are not subject to the claims of the Participant's or Beneficiary's creditors; and neither the Participant nor any Beneficiary shall have any right to sell, assign, transfer, or otherwise convey the right to receive any payments hereunder or any interest under the Plan, which payments and interest are expressly declared to be non-assignable and non-transferable.
18.02. IRS Levy. Notwithstanding Section 18.01, the Administrator may pay from a Participant's or Beneficiary's Account Balance the amount that the Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.

ARTICLE XIX. MISCELLANEOUS

19.01. No Tax Warranty. Neither the State of Maryland nor the Board guarantees that any particular Federal or State income, payroll, estate or inheritance, or other tax consequence will occur because of the Participant's participation in this Plan, or elections made under this Plan.

19.02. Dispute Resolution. The Board shall be authorized to resolve any questions of fact necessary to decide the Participant's rights under this Plan and such decision shall be binding on the Participant and any Beneficiary thereof. The Board may delegate this power to the Administrator.

19.03. Contract. This Plan and the Participation Agreement, including any properly adopted or executed amendments thereof, shall constitute the total agreement or contract between the Employing Institution and any Participant regarding the Plan. No oral statement regarding the Plan may be relied upon by any Participant or other person.

19.04. Conflicts. In resolving any conflict between provisions of the Plan and in resolving any other uncertainty as to the meaning or intention of any provision of the Plan, the interpretation that (i) causes the Plan to constitute an eligible plan under the provisions of Section 457 of the Code and the Trust to be exempt from tax under Section 457 of the Code, (ii) causes the Plan to comply with all applicable requirements of the Code, and (iii) causes the Plan to comply with all applicable Maryland statutes and rules, shall prevail over any different interpretation.

19.05. Limitation on Rights. Neither the establishment or maintenance of the Plan, nor any amendment thereof nor any act or omission under the Plan (or resulting from the operation of the Plan) shall be construed:

(i) as conferring upon any Participant, Beneficiary or any other person a right or claim against the Trust, Trustees or Administrator, except to the extent that such right or claim shall be specifically expressed and provided in the Plan;

(ii) as creating any responsibility or liability of the Employing Institution for the validity or effect of the Plan;

(iii) as a contract between the Employing Institution and any Participant or other person; or

(iv) as being consideration for, or an inducement or condition of, employment of any Participant or other person, or as affecting or restricting in any manner or to any
extent whatsoever the rights or obligations of the Employing Institution or any Participant or other person to continue or terminate the employment relationship at any time.

19.06. Erroneous Payments. If the Board, Administrator or Vendor makes any payment that according to the terms of the Plan and the benefits provided hereunder should not have been made, the Board, Administrator or Vendor may recover that incorrect payment, by whatever means necessary, whether or not it was made due to the error of the Board, Administrator or Vendor, from the person to whom it was made or from any other appropriate party. For example, if any such incorrect payment is made directly to a Participant, the Board, Administrator or Vendor may deduct it when making any future payments directly to that Participant.

19.07. Payments to Minors and Incompetents. If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is deemed so by the Administrator, benefits will be paid to such person as the Administrator may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

19.08. Gender References. Whenever used herein, the masculine gender shall include the feminine and the singular shall include the plural unless the provisions of the Plan specifically require a different construction.

19.09. Applicable Law. The law of the State of Maryland shall apply in determining the construction and validity of this Plan and the Trust.

19.10. Construction. The Board shall be authorized to construe the Plan and to resolve any ambiguity in the Plan. The Board may delegate this power to the Administrator.

19.11. Right to File Action. The Board (or its agents) if in doubt concerning the correctness of its action in making a payment of a benefit, may suspend the payment until satisfied as to the correctness of the payment or the person to receive the payment, or allow the filing in any state court of competent jurisdiction a suit in such form as considered appropriate for legal determination of the benefits to be paid and the persons to receive them. The Board shall comply with the final orders of the court in any such suit and the Participant, for him/herself and his or her Beneficiary, consents to be bound thereby insofar as it affects the benefits payable under this Plan or the method or manner of payment.

19.12. Mistaken Contributions. If any contribution (or any portion of a contribution) is made to the Plan by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the Administrator, the amount of the mistaken contribution (adjusted for any income or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Administrator, to the Employing Institution.

19.13. Protection of Persons Who Serve in a Uniformed Service. Notwithstanding any provisions of this Plan to the contrary, contributions, benefits, and service credit with respect
to qualified military service shall be provided in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA"); Section 414(u) of the Code; and, effective January 1, 2007, Section 401(a)(37) of the Code, as amended from time to time.

For purposes of this section, "qualified military service" means any service in the uniformed services as defined in USERRA by any individual if such individual is entitled to reemployment rights under USERRA with respect to such service.

A Participant, whose employment is interrupted by qualified military service or who is on a leave of absence for qualified military service who timely resumes employment with their Employing Institution in accordance with USERRA, may elect to make-up Annual Deferrals to the Plan in accordance with Section 414(u) of the Code reduced by Annual Deferrals under Section 457(b) of the Code, if any, actually made for the Participant during the period of such interruption or leave. Except to the extent otherwise provided under Section 414(u) of the Code, this right applies for five years following such resumption of employment (or, if shorter, for a period equal to three times the period of the interruption or leave). Such contribution by the Participant may only be made during such period and while the Participant is employed by the Employing Institution.

To the extent provided under Section 401(a)(37) of the Code, in the case of a Participant whose employment is interrupted by qualified military service and who dies while performing qualified military service, the survivor of such Participant shall be entitled to any additional benefit (other than benefit accruals) provided under the Plan as if the Participant timely resumed employment in accordance with USERRA and then, on the next day, terminated employment on account of death.

Effective January 1, 2009, a Participant whose employment is interrupted by qualified military service or who is on a leave of absence for qualified military service and who receives a differential wage payment within the meaning of Section 414(u)(12)(D) of the Code from the Employing Institution, shall be treated as a Participant who is eligible to make Annual Deferrals under Section 457(b) of the Code and the differential wage payment shall be treated as Compensation and Includible Compensation. This provision shall be applied to all similarly situated individuals in a reasonably equivalent manner. However, such individual shall be treated as having a Severance from Employment during any period the individual is performing qualified military service for purposes of electing to take a distribution from the Plan. An individual who elects to take a distribution on account of qualified military service may not make an Annual Deferral with respect to differential wage payments during the six month period beginning on the date of the distribution.

19.14. Lost Participants. The Administrator shall make all reasonable attempts to determine the identity and address of a Participant or a Participant's Beneficiary entitled to benefits under the Plan. For this purpose, a reasonable attempt means (i) the mailing by certified mail of a notice to the last known address shown on the Employing Institution's or the Administrator's records, (ii) notification sent to the Social Security Administration or the Pension Benefit Guaranty Corporation (under their program to identify payees under retirement plans), and (iii) the payee has not responded within six (6) months. If the Administrator is unable to
locate such a person entitled to benefits hereunder, or if there has been no claim made for such
benefits, the Trust Fund shall continue to hold the benefits due such person.

19.15. Release. Any payment to any Participant shall, to the extent thereof, be in full
satisfaction of the claim of such Participant being paid thereby and the Trustees or Administrator
may condition payment thereof on the delivery by the Participant of the duly executed receipt
and release in such form as may be determined by the Trustees or Administrator.

19.16. Liability. The Administrator shall not incur any liability in acting upon any
notice, request, signed letter, telegram or other paper or document or electronic transmission
believed by the Board and Administrator to be genuine or to be executed or sent by an authorized
person.

19.17. Necessary Parties to Disputes. Necessary parties to any accounting, litigation or
other proceedings relating to the Plan shall include only the Board and the Administrator. The
settlement or judgment in any such case in which the Board are duly served shall be binding
upon all affected Participants in the Plan, their Beneficiaries, estates and upon all persons
claiming by, through or under them.

19.18. Severability. If any provision of the Plan shall be held by a court of competent
jurisdiction to be invalid or unenforceable, the remaining provisions of the Plan shall continue to
be fully effective.

19.19. Supersession. The terms of the Plan shall supersede any previous agreement
between the parties pertaining to the Plan.

IN WITNESS WHEREOF the Board of Regents of the University System of Maryland
has caused to be affixed the signature of its duly authorized Representative:

On behalf of the
Board of Regents of the University System of
Maryland

[Signature]
Chancellor

Date