The Employee's Guide to the State of Maryland 401(a) Match Plan*
Updated for Fiscal Year 2009

The State of Maryland 401(a) Match Plan
Effective July 1, 1999, the State provided for a Match to most employees' contributions to the Maryland 457, 403(b), and 401(k) supplemental retirement plans, dollar-for-dollar, up to $600 each fiscal year—subject to budgetary constraints. For several years funding did not permit the full match** but effective July 1, 2008 Governor O'Malley has successfully budgeted the Match for the full amount of up to $600 per eligible employee. This means that for every dollar you contribute to a supplemental retirement account in FY 2009, the State will contribute a dollar on your behalf as payroll is paid until the maximum of $600 is reached. With each new fiscal year, the Match starts again at the level provided in the State budget.

Who is eligible for the Match?
To be eligible for the Match under current law, you must be a State employee and a member of the Employees' Alternate Contributory Pension Selection Plan. You are a member of the alternate pension selection plan if the abbreviation “ST EMP ALT PEN” appears with your deductions on your paycheck stub. You also must make contributions to an employer-sponsored supplemental retirement account to get the Match. Maryland State Government sponsors three such plans statewide through the Maryland Supplemental Retirement Plans (MSRP). All State employees are eligible for MSRP's 457 and 401(k) Plans. State employees whose work assignments are within State educational institutions are eligible for MSRP's 457 and 401(k) plus the MSRP 403(b) Plan. (Note: State employees working in higher education who are eligible for the Match may also select and get a Match in supplemental retirement accounts from alternate providers. For more information, please contact your employee benefits office or your supplemental retirement account provider.)

The lowest contribution permitted to the MSRP Plans is $5 a biweekly pay, which would be matched dollar-for-dollar for a Match total of only $130 per year. To get the full $600 Match for FY 2009 you will need to contribute about $24 per biweekly pay or more for all 26 pay periods beginning with the first payday in July. Full-time, part-time, and contractual employees may participate in the supplemental retirement plans, but only State employees in the Alternate Contributory Pension Selection Plan will get the Match.

Do the State's contributions go directly into my 457, 403(b), or 401(k) Plan?
No. At MSRP a separate plan, called the 401(a) Match Plan, is set up for you. The State's contributions are then deposited into your account under this plan.

Who administers the 401(a) Plan?
The 401(a) Plan is administered under the supervision and authority of the Board of Trustees for the Maryland Teachers & State Employees Supplemental Retirement Plans. Nationwide Retirement Solutions (NRS) currently maintains the records for all MSRP Plans, through December 2012.
What happens to the State's contributions when deposited into the MSRP 401(a) Match Plan?

Just as with your 457, 403(b), or 401(k) Plans, the 401(a) Plan money goes into investment options. The MSRP Board of Trustees provides you with a wide range of investment choices designed to meet different financial goals. With the many options from which to choose, you can select those with objectives that are similar to your own. There are 17 investment options available for a Traditional approach of selecting how much to contribute to which options and making your own rebalancing decisions periodically. And there are 12 options available for the Targeted Retirement fund approach of finding a retirement/payout date that suits you and deciding on one of the similarly dated, professionally-managed and periodically updated investments options from T. Rowe Price. You may of course direct your contributions to be invested in one or more of all of these options, and you may change your selection at any time.

Note that the MSRP Board of Trustees has adopted a policy to protect the long-term investments of most participants by restricting frequent trading that was done in the past by a small number of participants. Note also that mutual funds may impose conditions, restrictions and/or fees related to short-term trading. These will generally not affect participants who invest for the long term. We encourage all participants to check the fund prospectus, visit our website at MarylandDC.com, and call Team MSRP at 1-800-545-4730 to ask questions about which funds charge fees or impose other conditions, and how you may be affected.

If you do not specify where you want your 401(a) money invested, the allocations to your 401(a) Plan will be directed to the same investment options as your 457, 401(k), or 403(b) contributions. If you have more than one plan, your allocations to the 401(a) Plan will first duplicate your 457 Plan contributions. If you have not contributed to a 457 Plan in the past year, your 401(a) Plan deposits are directed to the same investments as your 401(k) Plan contributions. If you have not contributed to either a 457 or 401(k) Plan in the past year, your Match contributions are directed to the same investments as your 403(b) Plan contributions. Note that 403(b) allocations to the Vanguard Money Market option are directed to the Investment Contract Pool in the 401(a) Plan.

For complete information about the investment options available in the plans, including all charges and expenses, consult the individual mutual fund prospectus(es). Please read the prospectus(es) carefully before investing. To order any mutual fund prospectuses and a MSRP Spectrum of Investment Options booklet, call the NRS Customer Service Center at 1-800-545-4730. Changes to your 401(a) account must be made separately as in each of your other MSRP Plan accounts. You can make an exchange or allocation change by calling the Team MSRP Customer Service Center at 1-800-545-4730, or by visiting the MSRP Participant web site at www.MarylandDC.com.

If I am not participating in the State supplemental retirement plans, what do I need to do to get the Match?

You need to enroll in a supplemental retirement account sponsored for payroll deduction where you work. All employees of the State can select from at least two of the plans provided through MSRP. To enroll, call Team MSRP at 1-800-545-4730 or visit www.MarylandDC.com to enroll online. Your 401(a) Plan account will be established at the time you enroll. And by the way, there is no need for new employees to wait before using the supplemental retirement plans. You can sign up right away.
If I am part-time employed, do I only get a percentage of the full Match?
No, you can get the full amount of the Match funded each year regardless of full or part-time status. As long as you are 1.) a Maryland State employee and 2.) a member of the Employees’ Alternate Contributory Pension Selection Plan and 3.) contributing by payroll deduction to a supplemental retirement account, you will get the same dollar-for-dollar Match up the full amount authorized for the year.

How do the State's contributions appear on my paycheck stub?
The State's contributions appear on the left side of your pay stub under State paid benefits. It will read, "Match to MSRP."

When the State's contributions are invested in the 401(a) Plan, do they become my money?
Yes. You are immediately 100 percent vested. Once the State's contribution is made to your account, you immediately own the rights to the money—which is held in trust for you until you are eligible to receive a distribution, such as at retirement or upon separation from State service.

Do the State's contributions affect my contribution limit?
No.

Does the Internal Revenue Service (IRS) consider the State's contributions wages?
No. The IRS does not consider the State's contributions wages because the contributions are made to a retirement plan. Similarly, contributions made to the Maryland State Retirement and Pension Systems on your behalf also are not considered wages.

Will I receive account statements for the 401(a) Plan?
Yes. As a participant, you will receive quarterly account statements sent by mail to your home. All of your supplemental retirement plans with MSRP will appear on the same statement.

What is the MSRP fee for the 401(a) Plan?
The annual asset fee in the 401(a) Plan is the same as for the other three supplemental retirement plans from MSRP: as of 1/1/2008 an annual rate of 0.19% (or multiply by 0.0019) of your account value is calculated and collected monthly. For example, the annual MSRP fee on a $10,000 account is about $19 ($10,000 x 0.0019). No account will be charged more than $2,000 a year.

When may I withdraw money from the 401(a) Plan?
You may begin withdrawing money from the 401(a) Plan at termination from State employment or at retirement. There may be an IRS penalty for withdrawals before a certain age. Your account will, of course, be fully eligible for payment to you upon total disability or to your beneficiary(ies) after your death.

The 401(a) Plan offers former employees or beneficiaries the same withdrawal options as the 401(k) Plan. The money withdrawn from all of the supplemental retirement plans is taxable upon distribution. The IRS requires a 20% federal income tax withholding on most withdrawals from the 403(b), 401(k), and 401(a) Plans.
Payment from your account must begin by age 70½, unless you are still employed by the state of Maryland and have not yet retired. Federal tax law requires that a minimum amount be withdrawn each year beginning at age 70½. The minimum amount is based on your account balance, your age, and the age of your beneficiary. This minimum withdrawal requirement applies even if you roll over funds to an IRA. If you are already withdrawing but less than the minimum, you may have to increase your withdrawal amount. Individual situations may vary; so you may want to seek legal and/or financial advice.

**May I get a financial hardship withdrawal from the 401(a) Plan?**
No. Financial hardship withdrawals are not permitted from the 401(a) Plan.

**May I take a loan from the 401(a) Plan?**
No. Loans are not permitted from the 401(a) Plan.

**May I roll over the 401(a) Plan?**
Yes. When you are eligible for a distribution from the plan you may roll over your 401(a) Plan distribution to your MSRP 457 or 401(k) or 403(b) Plan account, or to an IRA.

**What happens to my 401(a) Plan account if I die?**
The money in the 401(a) Plan will be available upon your death to your named beneficiary(ies). Your 401(a) Plan beneficiaries are the same as your other Maryland Supplemental Retirement Plan. If you have accounts in multiple plans, your beneficiaries in the 401(a) Match Plan are the same as your plan beneficiaries in the following order: 457, then 401(k), then 403(b). As always, you may name separate beneficiaries for each of your plans by calling the NRS Customer Service Center at 1-800-545-4730 or, on the Internet, go to [www.MarylandDC.com](http://www.MarylandDC.com) to access and print form(s) for mailing. Beneficiary designations may be changed any time.

**Is the money in my 401(a) Plan subject to court orders of legal separation and divorce?**
Yes. As is the case with the other supplemental retirement plans, the 401(a) Match Plan is subject to certain matrimonial court orders. These include court decrees of divorce and legal separation.

**To Enroll**
Visit [MarylandDC.com](http://MarylandDC.com) to enroll online, or call the Team MSRP enrollment hotline toll-free at 1-877-628-2499.

*The State of Maryland Match Plan is another name for the “Optional Defined Contribution System” authorized in Title 32 of the Personnel and Pensions Article of Maryland Law.*