



your **distribution** options for the 403(b) MCPS Tax Sheltered Savings Plan

If you have separated from service from your employer, you are eligible to receive a distribution from the plan. As your retirement plan service provider, T. Rowe Price would like to help you make sense of an important financial decision regarding your plan account at this time of change. The following resources are immediately available to help you decide what to do with your retirement savings.

Personal Assistance

The **Retirement Services Group**, a team of specialists dedicated to assisting you with decisions regarding your retirement account, is available toll free at 1-888-445-4226.

Distribution Guide

The enclosed Distribution Guide describes the advantages, disadvantages, and tax consequences of your distribution options to help you pick the right one for your particular situation. The forms that you will need to request a distribution are included with the Distribution Guide.

Be sure to read the enclosed Special Tax Notice Regarding Plan Payments, which explains the rollover and tax rules that affect your distribution. You may also want to discuss your distribution options with your tax adviser.

In addition to the Distribution Guide, you can use this letter as an overview of your plan's specific distribution options.

Overview of Options

Leave your savings in the Plan. If you decide to do this, you are not required to take a distribution until April 1 of the year following the year in which you reach age 70½. Please note that you still have the remaining options at any time.

Roll over your account to an individual retirement account (IRA).

You can roll over all or part of your account balance to an IRA at any financial institution. If you decide to roll over your account to a T. Rowe Price Rollover IRA, the IRA account can be opened over the phone by calling 1-888-445-4226. If you decide to roll over your account to an IRA at another financial institution, open the IRA account before completing the paperwork. Complete the enclosed Total Distribution Form, keep a copy for your records and return the original to T. Rowe Price.

Effective in 2008, you may be permitted to roll over your eligible rollover distribution to a Roth IRA. Under current law, you may not make a rollover from your non-Roth retirement plan accounts to a Roth IRA if your modified adjusted gross income exceeds \$100,000 or if you are married filing a separate federal income tax return. You must pay taxes on the amounts directly rolled over to a Roth IRA, as if they were distributed to you, except that the 10% early distribution penalty tax does not apply to the amounts rolled over.

Roll over your balance into your future employer's plan.

You may also roll over all or part of your account balance to your future employer's plan, if that plan allows. Complete the enclosed Total Distribution Form, keep a copy for your records and return the original to T. Rowe Price. Contact your future employer for specific rollover options.

Receive a distribution. You are eligible to receive a partial or total distribution of your vested account balance. Depending on your current situation, however, there may be immediate tax consequences to receiving a distribution.

- Federal law requires a **mandatory 20% federal income tax withholding** on the taxable portion of your withdrawal.
- State taxes may be withheld, if mandatory in the state where you reside.
- Taking a distribution before you reach age 59½ may result in a 10% early withdrawal tax penalty.
- The distribution will be subject to ordinary income tax in the year it occurs.
- If you do not roll over your distribution within 60 days, you will lose the opportunity for future tax-deferred growth of retirement savings.

Total Distribution – You may elect to receive a single payment for the entire vested value of your account. Once this amount is paid, you will not receive any other benefit from the plan. Complete the enclosed Total Distribution Form, keep a copy for your records and return the original to T. Rowe Price.

Partial Payment – You may elect to receive a partial payment of your vested account balance and the rest of your balance will remain in the plan. Complete the enclosed Total Distribution Form, keep a copy for your records and return the original to T. Rowe Price.

Installment Payments – You may elect to receive payments of your vested account balance in installment payments over regular intervals as follows:

- monthly/quarterly/semi-annually/annually
- over your life expectancy
- monthly/quarterly/semi-annual/annual installments of a specified dollar amount

Installments cannot exceed the life expectancy of you or you and your beneficiary. You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or a period measured by your life expectancy),
- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
- a specified period of 10 years or more.

After you make your election, T. Rowe Price will calculate the amount of each payment according to your plan rules. There are other IRS rules that may further limit the time period over which you receive payments.

Complete the enclosed Installment Distribution Form, keep a copy for your records and return the original to T. Rowe Price.

General Information

- Please send completed paperwork to the following address:

Regular Mail

T. Rowe Price Retirement Plan Services
Special Attn.: Forms Enclosed
P.O. Box 17215
Baltimore, Maryland 21297-1215

Overnight Mail

T. Rowe Price Retirement Plan Services
Mail Code: 17215
4515 Painters Mill Road
Owings Mills, Maryland 21117-4903

- All distributions will be processed as received.
- Distribution checks will be mailed within two business days from the redemption date of your account.
- A confirmation letter will be mailed to your address of record detailing the type of withdrawal and the payee information.
- Please note that some fund families assess redemption fees on distributions if shares are held for less than a designated period. The amount of fee charged may vary. Consult each fund's prospectus or call 1-888-445-4226 for more information. When you request a distribution from a fund that assesses a redemption fee, any redemption fee paid to the fund will be deducted from your requested distribution amount. The redemption fee paid to the fund is not treated as a distribution to you for tax purposes.

Whatever You Decide, T. Rowe Price Is Here to Help.

If you have questions or need help deciding what to do with your retirement savings, just call toll-free 1-888-445-4226 and you'll get personal assistance that can help streamline the process. We look forward to continuing to work with you.

T. Rowe Price Retirement Plan Services, Inc.

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Participant Information

Name _____ Social Security Number _____
Street Address _____
City, State, ZIP Code _____
Daytime Phone Number _____ Evening Phone Number _____ Date of Termination _____

Reason for Distribution

- Termination of employment Retirement Disability

Method of Distribution

I received, read, and understand the Special Tax Notice Regarding Plan Payments, which contains general information on the rules regarding rollover, direct rollover, withholding, capital gains, and income-averaging treatment of distributions. I understand that this distribution will be reported to the Internal Revenue Service and will be subject to income taxes. I further understand that if I receive this withdrawal before reaching age 59½, the distribution may be subject to a 10% penalty tax in addition to the income taxes otherwise due.

Distribution Election

Direct Rollover to Traditional IRA

I elect that my entire account be paid as a direct rollover to the following Traditional IRA:

- T. Rowe Price IRA: Account Number*: _____
*If you have not established a T. Rowe Price IRA, you must read and complete the attached form.
- IRA: IRA Custodian Name: _____
Account Number: _____
Street Address: _____
City, State, ZIP Code: _____

Direct Rollover of Qualified Rollover Contribution to Roth IRA

I elect that my entire account be paid as a direct rollover to the following Roth IRA:

- T. Rowe Price Roth IRA Account Number*: _____
*If you have not established a T. Rowe Price Roth IRA, you must read and complete the attached form.
- Roth IRA: IRA Custodian Name: _____
Account Number: _____
Street Address: _____
City, State, ZIP Code: _____



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Direct Rollover to Qualified Employer-Sponsored Plan

I elect that my entire account be paid as a direct rollover to the following qualified employer-sponsored plan:

Trustee Name: _____
Plan Name: _____
Street Address: _____
City, State, ZIP Code: _____

Partial Direct Rollover (The total percentage must equal 100 %.)

I elect that my entire account be paid according to the following instructions:

_____ % direct rollover to IRA or qualified employer-sponsored plan. (Please fill out rollover information above.)

_____ % direct rollover of qualified rollover contribution to Roth IRA. (Please fill in Roth IRA information above.)

_____ % in the form of a check made payable to me. I understand that the 20% mandatory federal income tax withholding and applicable state income tax withholding applies to this portion of my distribution.

If Rollovers are going to more than one destination, please provide the information requested above, plus the dollar amount or percentage of the distribution for each destination, on a separate piece of paper.

Partial Distribution in Cash

I elect to receive a partial payment of \$ _____.

I understand that the dollar amount indicated above will be withdrawn from my account and redeemed proportionately from my current investments. The rest of my balance will remain in the Plan. I understand that: 1) federal income tax will be withheld on the taxable amount of the distribution at a rate of 20% as required under current law, and 2) state income tax will be withheld, if applicable.

Single-Sum Distribution

I elect that my entire account be paid to me in a single sum. I understand that: 1) federal income tax will be withheld on the taxable amount of the distribution at a rate of 20% as required under current law, and 2) state income tax will be withheld, if applicable.

Installment Payment Options (Elect only one option — A, B, C, or D)

METHODS NOT ELIGIBLE FOR ROLLOVER

- Option A** - A predetermined number of payments to be received over 10 or more years. The number of years over which payments are made cannot exceed your life expectancy or you and your beneficiary's life expectancy. The actual amount of a payment will be based on the balance of your account and the net asset value(s) of the fund(s) on the day of redemption.

Number of years: _____

Frequency of payment: monthly quarterly semiannually annually



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Option B - Over your life expectancy or you and your beneficiary's life expectancy. This will be calculated using the appropriate tables in the Internal Revenue Code regulations.

Choose either:

Single life expectancy Life expectancy of you and your beneficiary
Frequency of payment: monthly quarterly semiannually annually

I understand that distributions made under **Installment Payment Options A and B** are **not** eligible for rollover treatment pursuant to the Special Tax Notice Regarding Plan Payments received by me. I instruct you to distribute to me the total amount of each installment payment requested above.

METHODS ELIGIBLE FOR ROLLOVER

Option C - A predetermined number of payments to be received over less than 10 years. The actual amount of a payment will be based on the balance of your account and the net asset value(s) of the fund(s) on the day of redemption.

Number of years: _____

Frequency of payment: monthly quarterly semiannually annually

Option D - A fixed dollar payment. The number of payments you will receive cannot be definitely determined in advance, but will be based upon the balance of your account and the net asset value(s) of the fund(s) at times of redemption. The final payment may be less than the previous scheduled payments. These payments may be eligible rollover distributions if they are reasonably determined to be received over less than 10 years.

Pay from my account at the frequency indicated: \$ _____

Frequency of payment: monthly quarterly semiannually annually

I understand that distributions made under **Installment Payment Options C and D** are eligible for rollover treatment pursuant to the Special Tax Notice Regarding Plan Payments received by me.

Installment Direct Payment

I instruct you to distribute to me the total amount of each installment payment requested above.

OR

Installment Rollover

I elect that my installment payments be paid as a direct rollover to the following IRA:

T. Rowe Price Traditional IRA or T. Rowe Price Roth IRA

Account Number*: _____

*If you have not established a T. Rowe Price IRA, you must read and complete the attached form.

Traditional IRA or Roth IRA:

IRA Custodian Name: _____

Account Number: _____

Street Address: _____

City, State, ZIP Code: _____



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Wiring Instructions

Please send wire to:*

Wire Information :

Bank/Financial Institution name: _____

ABA number (nine digits): _____

Account Name: _____

Account Number: _____

Further credit to: _____

Participant Account Name: _____

Note: YOU MUST ATTACH A VOIDED CHECK WITH YOUR DISTRIBUTION PAPERWORK. To wire funds to a personal bank account, you must be listed as an owner of that account. The bank account registration on the voided check will be used to confirm wiring instructions and to confirm that you are listed as an owner of the bank account.

By signing this form, you agree that if a voided check is not attached, T. Rowe Price is not required to send the distribution proceeds by wire and may instead, in T. Rowe Price's sole discretion and without prior notice to you, send the proceeds by check to the address of record.

To wire funds to a rollover account, the rollover account must be in your name.

* Check with your bank or financial institution to obtain complete wiring instructions; please note that there may be a fee for accepting wires.

Income Tax Withholding Election for Noneligible Rollover Distributions

Make an election only for noneligible rollover distributions. (See the Notice of Income Tax Withholding for details.)

- I **do** want federal income tax withheld
- I **do not** want federal income tax withheld. I understand that I may be responsible for payment of estimated tax and may incur penalties under the estimated tax payment rules if my withholding and estimated tax payments are not sufficient.

State Tax Withholding Election (Complete this section only if you are not directly rolling over all assets to an IRA or Qualified Plan.)

- I **elect** to have state income taxes withheld from my withdrawal.
- I **elect not** to have state income taxes withheld from my withdrawal.

Note: T. Rowe Price will withhold state tax if, at the time of your payment, the address of record with T. Rowe Price is **within** one of the mandatory withholding states and you have federal income tax withheld. State taxes will be withheld from your distribution in accordance with the respective state rules.

Payments After Age 70½

I understand that should the payment periods chosen for my installment payments that were eligible rollover distributions in either Option C or D above extend beyond my attainment of age 70½, a portion of each payment subsequent to age 70½ will include required minimum distributions, which are not eligible for rollover. In regard to the amount of the required minimum distribution portion, I make the following election:

(If no election is made, withholding will be taken at the rate of 10%)

_____ Please withhold income tax based on the attached W-4P*. If a W-4P is not attached, withholding will be at the rate of 10%.

_____ Please do not withhold income tax. I understand that I may be responsible for payment of estimated tax and may incur penalties under the estimated tax payment rules if my withholding and estimated tax payments are not sufficient.



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Voluntary Income Tax Withholding Election – For Non-Roth Amounts Rolled Over to a Roth IRA

Income tax withholding is NOT required on amounts rolled over from non-Roth accounts in the plan to a Roth IRA in a qualified rollover contribution. We will not withhold income taxes on the amount rolled over unless you elect voluntary income tax withholding below. (See Notice of Income Tax Withholding below for details.)

- I do want federal income tax withheld and understand that the withholding will be done at a rate of 20% unless a different withholding percentage is specified below. I also understand that the amount withheld may be subject to an additional 10% early distribution penalty tax.

Percent of Withholding: _____%

Note: T. Rowe Price will withhold state tax if, at the time of your payment, the address of record with T. Rowe Price is **within** one of the mandatory withholding states and you have federal income tax withheld. State taxes will be withheld from your distribution in accordance with the respective state rules.

Notice of Income Tax Withholding

The distribution you receive from the plan is subject to federal income tax withholding. Withholding will apply only to the portion of your distribution that is included in your taxable income. There will be no withholding on the return of your own nondeductible contributions to the plan. State taxes will be withheld from your distribution in accordance with the respective state rules. Mandatory income tax withholding may not apply if distributions for the plan year are less than \$200.

Eligible Rollover Distributions. Most taxable distributions made upon termination of employment are eligible rollover distributions. Exceptions include certain periodic payments made over a specified period of 10 years or more or over your lifetime, required minimum distributions, and hardship distributions. If your distribution is an eligible rollover distribution, 20% federal income tax withholding (and any applicable state income tax withholding) is required, unless the eligible rollover distribution is transferred in a direct rollover to an eligible retirement plan or to an IRA. The required 20% federal income tax withholding will be calculated on the entire value of the eligible rollover distribution and will be withheld from the cash portion of the distribution. (See the Special Tax Notice Regarding Plan Payments for more detail.) You must have income tax withheld for eligible rollover distributions that are paid to you.

Rollover of Non-Roth Accounts to a Roth IRA. You can make a direct rollover of an eligible rollover distribution* to a Traditional IRA and then (if eligible) roll over or convert the Traditional IRA to a Roth IRA. You also may be eligible to open a Roth IRA and make a direct rollover of your non-Roth accounts to the Roth IRA in a “qualified rollover contribution.” A “qualified rollover contribution” is a rollover of an amount that meets the requirements for an eligible rollover contribution from the plan to a Roth IRA. You may not make a qualified rollover contribution to a Roth IRA if your modified adjusted gross income exceeds \$100,000 or you are married filing a separate federal income tax return. Amounts rolled over to a Roth IRA in a “qualified rollover contribution” are includable in income as if a distribution had been made, except that the 10% early distribution penalty tax does not apply to the amounts rolled over. You are responsible for payment of federal income tax on the taxable portion of your qualified rollover contribution to the Roth IRA for the year in which you rolled these amounts from the plan. If you do not have federal income tax withheld, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

Income tax withholding is NOT required on amounts directly rolled over to a Roth IRA. Thus, you may roll over the entire amount to the Roth IRA and pay your taxes on the taxable amount of the rollover separately from the plan distribution. You may instead elect to have income taxes withheld from your distribution. Any amount withheld for payments of taxes may be subject to the additional 10% early distribution penalty tax. Please contact your tax adviser when considering whether to roll over your non-Roth accounts to a Roth IRA.

Noneligible Rollover Distributions. You may elect not to have tax withholding applied to the portion of your distribution that is not an eligible rollover distribution by completing the election section of this form. If you make no election or if you elect to have income tax withheld, a required rate of federal income tax withholding (and any applicable state income tax withholding) will apply unless you choose a different amount of income tax withholding. You may choose a different amount of federal income tax withholding by attaching IRS Form W-4P.** The required rate of federal income tax withholding is a flat 10% for nonperiodic payments (made within one year). For periodic payments (made in installments at regular intervals over a period of more than one year), federal income tax must be withheld as if you are married claiming three withholding allowances.

If you elect not to have federal income tax withheld from your distribution, or if you do not have enough federal income tax withheld, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.



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**403(b) MCPS Tax Sheltered Savings Plan
Distribution Form**

Special Rule for Payments Outside of the United States. If your payment address is outside the United States or its possessions, your distribution cannot be processed until you complete either an IRS Form W-9** (Request for Taxpayer Identification Number and Certification) or an IRS Form W-8BEN* (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding). Federal income tax withholding is required for payments delivered outside the United States or its possessions if you are a U.S. citizen or another U.S. person as described on IRS Form W-9.** You can elect not to have U.S. income tax withheld only if you are a nonresident alien and you complete and attach IRS Form W-8BEN**, if applicable.

* Different rules apply to rollovers from a designated Roth account to a Roth IRA. See the Special Tax Notice for details.

**These IRS forms are available from your local IRS office and on the IRS's Internet Web site at www.irs.gov, or you may call 1-800-TAX-FORMS.

Participant's Signature

I hereby certify that the above information and elections are true and accurate. If I elected a direct rollover above, I hereby certify to the best of my knowledge and belief that the account(s) designated by me on this form as the recipient(s) of the direct rollover(s) is(are) an (i) individual retirement account or annuity, (ii) a defined contribution plan qualified under section 401(a) or 403(a) of the Internal Revenue Code ("Code"), (iii) an annuity contract or custodial account described under section 403(b) of the Code, or (iv) a plan described in section 457 of the Code that is sponsored by a government, a governmental agency, or subdivision that accepts direct rollovers of eligible rollover distributions from a plan described in (ii), (iii), or (iv). I accept sole responsibility for my elections, which are based on my individual situation. I have not relied on any tax or investment advice furnished by the plan, T. Rowe Price Group, Inc., or any of its subsidiaries or affiliates.

Date

Participant's Signature



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