



MARYLAND
STATE RETIREMENT
and PENSION SYSTEM



New webinar will help mid-career members plan for future retirement

RETIREMENT PLANNING

webinars aren't just for members nearing the end of their working careers. The Retirement Agency's new First Steps webinars, launched in August, provide important information on retirement planning for new members and those in the middle of their careers.

"Our retirement readiness First Steps webinar provides a general overview of the survivor, disability and retirement benefits administered by Maryland State Retirement Agency, including descriptions of service retirement eligibility rules, vesting criteria and ways to obtain additional qualifying service credit," said Gwen Mulcahy, Director of Member Services. "This retirement readiness presentation is designed for early-career and mid-career members of the Employees' and Teachers' Retirement and Pension Systems."

Registration for the First Steps webinar is easy. Click [here](#) and, under First Steps Webinar, click on **Registration**. For members nearing retirement, select the Pre-Retirement Webinar matching your plan of membership.

System ends volatile fiscal year '23 with 3.14% return

THE MARYLAND State Retirement and Pension System generated a return of 3.14%, net of fees, for the fiscal year ending June 30, 2023, beating its policy benchmark* of 2.20%.

The fund's performance raised the System's assets to \$65.2 billion, an increase of nearly \$600 million over the prior fiscal year. The System's diversified and risk-balanced asset allocation is designed to reduce the probability of large market losses while producing the targeted long-term returns.

The fiscal year 2023 returns reflect a number of notable market factors:

- rising interest rates reflecting persistent inflation and a resilient real economy,
- higher U.S. stock prices despite higher interest rates and pressures on the banking system,
- weak emerging market stock relative performance reflecting a slower than expected post pandemic recovery in China and



Maryland State Treasurer Dereck E. Davis, Chair of the Maryland State Retirement and Pension System Board of Trustees, left, and Chief Investment Officer Andrew C. Palmer

- the time delay for private market investments to reflect public market valuation changes.

"The Board has adopted a diversified asset allocation that has achieved the long-term return targets with as little volatility as possible," said Andrew C. Palmer, Chief

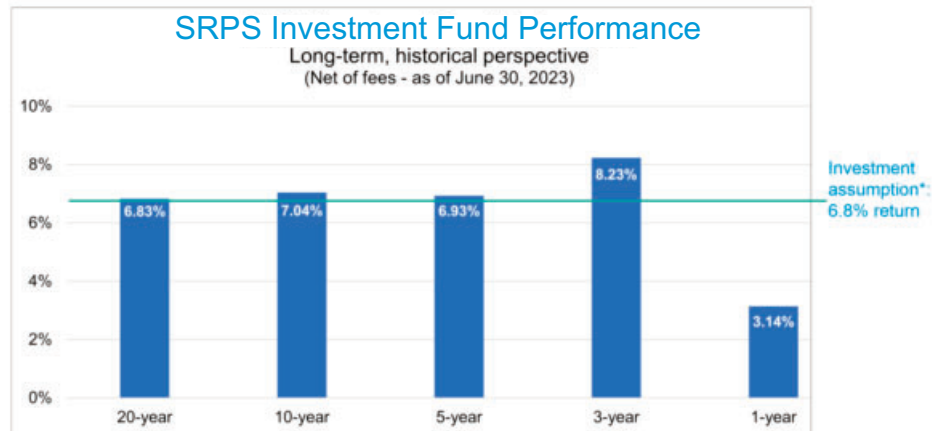
*Important Term

benchmark - A standard for comparing a portfolio's performance to the market opportunity set from which the manager selects securities. The S&P 500 is a commonly used benchmark to evaluate the performance of managers who invest in large company U.S. stocks.

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Investment Officer. “The allocation includes a mix of assets that behave differently as markets ebb and flow to reduce volatility in any one period. Over the longer term, the fund returns of 8.23%, 6.93% and 7.04% for three, five and 10 years, respectively, exceed the 6.8% actuarial target and have been achieved with relatively low volatility, which has contributed to the strong performance relative to the policy benchmark.”

“The Board’s diversified and risk-balanced asset allocation, enhanced by staff’s implementation, has achieved its performance objectives over the long-term with less risk than more traditional approaches,” said State Treasurer Dereck E. Davis, Chair of the Maryland State Retirement and Pension System Board of Trustees. “While



***Important Term**

assumption (or actuarial assumption): The expected long-term rate of return needed to meet the System’s future benefit payment obligations. The System’s current assumed actuarial rate is 6.8%.

financial markets have been volatile over the last two years and returns have been challenged, the System has added value for its participants and beneficiaries relative to 60/40 strategies.

“It’s important to emphasize that we are long-term investors who need to balance the liquidity requirements to meet current bene-

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Asset Performance for Fiscal Year 2023 (net of fees)

Asset Class	Asset Allocation June 30, 2023	10-Year return	5-Year Return	3-Year Return	Fiscal Year 2023 Return	Fiscal Year 2023 Asset Class/ Total Fund Benchmark Return	Fiscal Year 2023 Asset Class/ Total Fund Excess Return
Private Equity	21.9%	16.42%	17.16%	23.77%	0.26%	-2.86%	3.13%
Public Equity	30.2%	8.41%	7.04%	9.86%	13.77%	13.80%	-0.03%
Real Assets	15.4%	4.59%	6.77%	11.70%	-3.43%	-6.72%	3.29%
Absolute Return	5.9%	2.66%	3.02%	4.93%	-1.37%	1.41%	-2.78%
Credit	8.7%	4.56%	4.18%	4.98%	5.99%	9.01%	-3.02%
Rate Sensitive	17.1%	1.67%	0.54%	-7.36%	-3.70%	-3.48%	-0.22%
Multi Asset	0.4%	n/a	1.23%	-0.36%	-1.55%	2.20%	-3.75%
Cash	0.4%	3.67%	3.54%	2.33%	5.26%	3.75%	1.51%
Total	100.0%	7.04%	6.93%	8.23%	3.14%	2.20%	0.94%
Benchmark		6.50%	6.28%	7.07%	2.20%		
Excess		0.54%	0.65%	1.16%	0.94%		

Ditch paper forms with secure member website

FILLING OUT PAPER FORMS

is no fun. Government employees—like the nearly 200,000 teachers; state, county and municipal workers; police and correctional officers who make up the Maryland State Retirement and Pension System—know this better than anyone. The last thing you want to do is fill out another form. *And you don't have to!*

With the Retirement Agency's secure website **mySRPS**, you can perform the following tasks online without cumbersome and slow paper forms. You can:

- Find out when you can retire and generate benefit estimates, including credit for military service and unused sick leave
- View and update beneficiaries



- View account information and print benefit statements
- Print an asset verification letter for a landlord or lender
- Check your home address in Retirement Agency files

Signing up for **mySRPS** is easy.

Visit sra.maryland.gov and, in the top right of the homepage, click on **mySRPS Login**. Click **Register** and follow

the instructions to receive your registration code and packet by mail.

Once registered, you'll be able to obtain benefit estimates based on different retirement dates, beneficiary choices and salaries. You also can generate separate estimates for all the payment options that will be available to you at retirement.

Sign up for **mySRPS** today!

Where do SRPS retirees live?



Maryland	74.6%
Florida	4.7%
Pennsylvania	3.6%
Virginia	2.6%
Delaware	2.4%
North Carolina	2.2%
South Carolina	1.5%
West Virginia	1.4%

No other state is home to more than 1% of our payees.

More than **\$3.40 billion** in annual pension payments stay in Maryland.

FOR MORE INFORMATION LIKE THIS, including member and retiree demographics, average pension payments by plan, value of pension payments for each Maryland county, total retirements by year, detailed investment performance figures *and more*, check out the award-winning **Popular Annual Financial Report**. If you prefer, save a few clicks and use the QR code provided here.



Board of Trustees Update

YOUR BOARD OF TRUSTEES plays an important role in the stewardship of the Maryland State Retirement and Pension System. The 15-member Board's fundamental mission is to ensure that retirement benefits are paid accurately and on time. The Board also oversees the investment of System assets in order to ensure the funding necessary to meet those obligations.

Three trustees serve on the Board by virtue of their position in state government. These ex officio Trustees are the Maryland State Treasurer, State Comptroller and Secretary of the Maryland Department of Budget and Management. Seven trustees are appointed by the

Governor because of their particular experience as institutional investors or government managers. Five additional Trustees are actual members or retirees of the plan and are elected by you, their fellow members and retirees.

Who are my Trustees?

Learn more about your System's volunteer Board, including Trustee photos, biographies, committee assignments and meeting minutes at sra.maryland.gov/board-trustees.



Governor's appointees succeeded on SRPS Board of Trustees

TWO TRUSTEES appointed to the Board of the Maryland State Retirement and Pension System by former Governor Lawrence J. Hogan, Jr., completed their terms July 31. Their Board seats were filled the following day by two new Trustees tapped by Governor Wes Moore.

By law, seven of the Board's 15 members are appointed to that role by the Governor.

Thomas M. Brandt and Michael J. Stafford, Jr., served three and six years on the Board, respectively. Trustee Brandt was a member of the Administrative Committee and the Corporate Governance and Securities Litigation Committee. He was Vice-Chair of the Audit Committee. Trustee Stafford was Chair of the Board's Investment Committee.

New gubernatorial appointees Mia N. Pittman and Michelle RhodesBrown joined the Board August 1.

Ms. Pittman is Deputy Assistant Secretary for the Office of Risk Management and Regulatory Affairs for the Federal Housing Administration. In this role, she serves as the Chief Risk Officer for FHA's \$1.4 trillion insured mortgage portfolio. She earned a BA degree in economics from the University of Pennsylvania, an MA degree from George Washington University and an MBA in Finance from Temple University. She is a Chartered Financial Analyst.

Ms. RhodesBrown is Chief Financial Officer at the Walters Art Museum in Baltimore. Prior to joining the Walters, she held positions of increasing responsibility at firms including Integra LifeSciences and Biegel Waller Investment Advisory Services. She holds a BSE in Mechanical Engineering and Applied Mechanics from the University of Pennsylvania and an MBA from the Kellogg School of Management at Northwestern University.

Retired Teachers' rep concludes service on Board

TRUSTEE Kenneth B. Haines stepped down from the Board of Trustees of the Maryland State Retirement and Pension System July 31.

A retired Prince George's County educator, Trustee Haines was elected as a representative for retired teachers in 2019. He previously served two terms on the Board representing active teachers. Mr. Haines was Chair of the Board's Administrative Committee and a member of the Audit Committee.

Trustee Haines was succeeded by Trustee Ayana English-Brown. As reported in the [spring 2023 edition](#) of *The Mentor*, Ms. English-Brown retired in 2022 from Prince George's County Public Schools following a 35-year teaching career. She began her four-year elected term on the Board August 1.

Legislative Update: Amortization policy change will reduce contribution swings for employers

SOME PENSION LEGISLATION captures the public's attention. Other bills fly under the radar. Senate Bill 466 and its companion, House Bill 804, fall under the latter category, even though they will provide important policy guidance for the funding of the Maryland State Retirement and Pension System for the next 15 years.

This legislation amends the System's amortization policy. (What is an amortization policy? See below.) The changes to the existing policy are intended to help avoid significant increases or decreases in the System's employer contribution rates.

By containing contribution swings, this new policy will help ensure a sustainable pension plan. The newly revised amortization

policy, which originally was enacted a decade ago, will expire in 2039, at which time the System's Board of Trustees, in collaboration with its actuaries, will craft a new policy.

What is an amortization policy?

An amortization policy is a component of a pension system's plan for accumulating enough funds to pay all current and future retirement benefits. An important part of this policy is the amount of contributions paid by employers who participate in the pension plan. Employers participating in the Maryland System include county school systems, some county and city governments, and



Governor Wes Moore signed the legislation on April 24. He is pictured with Senate President Bill Ferguson, left, and House Speaker Adrienne A. Jones. Photo courtesy of the Exec. Office of the Governor.

Maryland State government agencies.

In addition to contributions from employers, investment earnings and contributions deducted from participants' pay are used to fund retiree benefits.

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fit payments with the objective of generating returns for future benefit payments over an investment horizon that stretches across decades," Treasurer Davis added. "Over the last 10 years, investment returns have averaged 7%, exceeding the plan's expected rate of return and consistent with the Board's investment policy."

Keep up with investment news

Throughout the year, you can follow the progress of the System's investment program online. The Maryland State Retirement Agency website features detailed **investment and financial reports**. For a quick update on the System, check out **SRPS by the Numbers**, a monthly report on investments and System demographics.

DEI webpage is now online

HOW DOES THE MARYLAND State Retirement and Pension System incorporate Diversity, Equity and Inclusion (DEI)? A new webpage at sra.maryland.gov provides all the details. Click [here](#) to learn more.

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