

# **RETIREMENT AND PENSION SYSTEMS ADMINISTRATION**

**Maryland State Retirement and Pension Systems**

**Teachers and State Employees Supplemental Retirement Plans**

**Injured Workers' Insurance Fund**

# MARYLAND STATE RETIREMENT AND PENSION SYSTEMS

## G20J01.01 STATE RETIREMENT AGENCY

### PROGRAM DESCRIPTION

This program implements the objectives of the State Retirement and Pension System (MSRPS). The Executive Director's Office is responsible for the executive direction of the System including administrative and investment policy, legislation and legal liaison, and financial affairs. The Administrative Division is responsible for the payment of benefits, administration of employee contributions, and individual and group membership counseling. The Finance Division is responsible for accounting and financial reporting, budget administration, and procurement. The Investment Division is responsible for the management, control and investment of the System's Retirement Accumulation and Annuity Savings Funds. The Internal Audit Division ensures Agency compliance with State laws, rules and regulations, as well as ensuring employer compliance with Agency reporting policies. The Information Services Division is responsible for the design and implementation of new automated management information systems and for maintenance and enhancements of existing systems.

### MISSION

To administer the survivor, disability, and retirement benefits of the System's participants, and to ensure that sufficient assets are available to fund the benefits when due.

### VISION

A state that provides a fully-funded retirement system that is affordable to all participating employees and provides guaranteed adequate disability, survivor, and retirement benefits.

### KEY GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

**Goal 1.** To invest prudently System assets in a well-diversified manner to optimize long-term returns, while controlling risk through excellence in execution of the investment objectives and strategies of the System.

**Objective 1.1** By the end of each fiscal year meet the Board of Trustees' total return objective of achieving a real rate of return of at least 3.0 percent.

	2012	2013	2014	2015
Performance Measures	Actual	Actual	Estimated	Estimated
<b>Outcome:</b> Difference between the actual rate of return for the composite portfolio and the national inflation rate as measured by the Consumer Price Index over a 10-year rolling average	3.42%	4.19%	1	1

**Objective 1.2** By the end of each fiscal year meet the Board of Trustees' total return objective of achieving a nominal rate of return that equals or exceeds the actuarial return assumption set by the Board of Trustees<sup>2</sup>.

	2012	2013	2014	2015
Performance Measures	Actual	Actual	Estimated	Estimated
<b>Outcome:</b> Difference between the actual rate of return for the composite portfolio and the actuarial return assumption set by the Board of Trustees over one year	(7.39)%	2.82%	1	1
3-year annualized excess return over the actuarial rate	3.42%	2.28%	1	1
10-year annualized excess return over the actuarial rate	(1.86)%	(1.13)%	1	1
25-year annualized excess return over actuarial rate	0.10%	0.07%	1	1

<sup>1</sup> Estimates are not available.

<sup>2</sup> Additional measures have been added since the last publication. Through fiscal year 2014, this assumption is 7.75 percent, but as of fiscal year 2015, it changes to 7.70 percent and drops 5 percentage points annually until reaching 7.55 percent.

# MARYLAND STATE RETIREMENT AND PENSION SYSTEMS

## G20J01.01 STATE RETIREMENT AGENCY (Continued)

**Objective 1.3** Over the long term (5-year rolling periods) meet or exceed both median peer performance, where peers are defined as other public pension funds with assets in excess of \$25 billion, and policy benchmark performance, where benchmarks are defined by the Board of Trustees.

<b>Performance Measures</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Estimated</b>	<b>2015 Estimated</b>
<b>Outcome:</b> Difference between the actual rate of return for the composite portfolio and the median peer return over a 5-year rolling period	(0.75)%	(0.54)%	<sup>1</sup>	<sup>1</sup>
MSRPS 5-year return in excess of policy benchmark	0.09%	0.58%	<sup>1</sup>	<sup>1</sup>
Fair value of investment portfolio at fiscal year-end (\$000s)	37,178,726	40,363,217	<sup>1</sup>	<sup>1</sup>
Net investment income earned during the fiscal year (\$000s)	104,084	4,119,588	<sup>1</sup>	<sup>1</sup>

**Goal 2.** To effectively communicate with all retirement plan participants to inform them about the benefits provided by the System and to educate them about planning and preparing for all aspects of their defined benefit system.

**Objective 2.1** On an ongoing basis, 95 percent of new retirees and active plan participants feel that they received adequate information to make informed decisions regarding their defined benefit retirement options.

<b>Performance Measures</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Estimated</b>	<b>2015 Estimated</b>
<b>Quality:</b> The percentage of new retirees and active plan participants who respond favorably to a customer survey regarding the retirement process and adequacy of information disseminated through individual counseling and through telephone inquiry.	95.33%	95.38%	95.0%	95.0%

**Objective 2.2** By the end of fiscal year 2015, no more than 6 percent of incoming telephone calls will be abandoned by the phone system, and waiting time for calls to be answered will be less than 1:45 minutes.

<b>Performance Measures</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Estimated</b>	<b>2015 Estimated</b>
<b>Quality:</b> Percentage of incoming telephone calls abandoned by the automated telephone system	3.01%	5.88%	6.00%	6.00%
Average telephone waiting time in minutes and seconds	0:56	1:43	1:45	1:45

**Goal 3.** To accurately and timely pay all retirement allowances provided by State pension law to the System's retirees and their beneficiaries.

**Objective 3.1** On an ongoing basis, 98 percent of retirement allowances will be processed timely.

<b>Performance Measures</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Estimated</b>	<b>2015 Estimated</b>
<b>Quality:</b> Percentage of retirement applications processed within the stated time frame	100%	100%	100%	100%

**Objective 3.2** On an ongoing basis, 100 percent of retirement allowances paid will be accurately computed in accordance with the State Pension Law.

<b>Performance Measures</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Estimated</b>	<b>2015 Estimated</b>
<b>Outcome:</b> Percentage of retirement benefit payments accurately computed	99.99%	99.99%	99.99%	99.99%

<sup>1</sup> Estimates are not available.

**STATE RETIREMENT AGENCY**

**G20J01.01 STATE RETIREMENT AGENCY**

**Appropriation Statement:**

	<b>2013 Actual</b>	<b>2014 Appropriation</b>	<b>2015 Allowance</b>
Number of Authorized Positions .....	192.00	192.00	192.00
Number of Contractual Positions.....	16.50	16.50	16.50
01 Salaries, Wages and Fringe Benefits.....	16,593,837	17,793,751	18,049,559
02 Technical and Special Fees.....	842,954	1,060,484	1,053,890
03 Communication.....	521,534	456,777	589,848
04 Travel.....	136,149	165,237	160,000
07 Motor Vehicle Operation and Maintenance .....	156,798	155,520	183,939
08 Contractual Services.....	5,447,071	5,345,747	5,480,394
09 Supplies and Materials.....	167,814	188,406	164,077
10 Equipment—Replacement.....	68,940	345,451	330,151
11 Equipment—Additional.....	8,807	141,973	70,000
12 Grants, Subsidies and Contributions.....	382,426	382,426	382,426
13 Fixed Charges.....	1,926,661	2,007,709	1,932,224
Total Operating Expenses.....	<u>8,816,200</u>	<u>9,189,246</u>	<u>9,293,059</u>
Total Expenditure.....	<u>26,252,991</u>	<u>28,043,481</u>	<u>28,396,508</u>
Special Fund Expenditure.....	17,009,116	18,197,988	18,534,401
Reimbursable Fund Expenditure .....	<u>9,243,875</u>	<u>9,845,493</u>	<u>9,862,107</u>
Total Expenditure.....	<u>26,252,991</u>	<u>28,043,481</u>	<u>28,396,508</u>
<b>Special Fund Income:</b>			
G20302 Admin Cost Allocation-Participating Governments .....	17,009,116	18,197,988	18,534,401
<b>Reimbursable Fund Income:</b>			
G20901 Admin Cost Allocation-State Agencies.....	9,243,875	9,845,493	9,862,107

# **TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS**

## **G50L00.01 MARYLAND SUPPLEMENTAL RETIREMENT PLAN BOARD AND STAFF**

### **PROGRAM DESCRIPTION**

Title 35 of the State Personnel and Pension Article establishes the Teachers and State Employees Supplemental Retirement Plans and a Board of Trustees to administer them. Operating expenses are provided from an assessment against the managed assets of participants. As a reform component for the State Employees' Pension System, an optional defined contribution system was established effective July 1, 1999. That system, under Title 32 of the State Personnel and Pension Article, authorizes employer matching contributions for State Employees' Pension System members who elect to contribute to the supplemental retirement plans. The optional defined contribution plan receives dollar-for-dollar matching contributions in eligible participant accounts up to a statutory maximum amount per participant of \$600 per fiscal year if provided in the State budget.

### **MISSION**

To enable State employees and teachers to participate in voluntary tax sheltered income deferral, tax deferred annuity, and profit sharing and salary reduction savings plans that offer members tax advantages as provided in the Internal Revenue Code.

### **VISION**

A State that sponsors productive voluntary retirement savings programs for all its employees to secure economic stability for themselves and their families in later years.

### **KEY GOALS, OBJECTIVES, AND PERFORMANCE MEASURES**

**Goal 1.** To provide clear and complete information about the plans to employees and cultivate informed decisions about participation.

**Objective 1.1** To encourage 85 percent of eligible employees to participate in the plans.

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Performance Measures</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Estimated</b>
<b>Output:</b> Deferred Compensation (457b) Plan members	29,467	29,425	29,350	29,300
Tax Deferred Annuity (403b) Plan members	917	891	880	880
Savings and Investment (401k) Plan members	34,821	34,186	33,500	33,500
Members with multiple Plan accounts <sup>1</sup>	(7,084)	(7,025)	(7,000)	(7,000)
<b>Outcome:</b> All Plans members	58,121	57,477	56,730	56,680
Plan members as percent of eligible employees	76%	74%	73%	73%
All Plans contributing members	35,263	34,373	34,100	34,100
Contributors as percent of eligible employees	46%	44%	44%	44%

**Goal 2.** To provide effective, long-term investment opportunities for participants.

**Objective 2.1** To maintain plan asset growth illustrative of market performance and prudent participant selections.

<b>Annual Rates of Return as of June 30, 2013</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
<b>Outcome:</b> Average returns for all investment options	16.5%	13.8%	6.5%	8.3%
Average of all Investment Indices	16.3%	14.0%	6.1%	7.7%

  

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Performance Measures</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Estimated</b>
<b>Output:</b> All plans				
Net total assets <sup>2</sup> (millions)	\$2,646.3	\$2,929.6	\$3,029.1	\$3,136.1
Invested assets (millions)	\$2,623.0	\$2,908.4	\$3,009.8	\$3,118.3
<b>Outcome:</b> Change over previous fiscal year	0%	11%	3%	4%

<sup>1</sup> Plan member data are unduplicated counts of participant individuals, some with retirement savings in more than one plan.

<sup>2</sup> Net Total Assets includes assets such as the cash value of life insurance and annuity reserves recorded in the 457(b) Plan in addition to Invested Assets.

**TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS**

**G50L00.01 MARYLAND SUPPLEMENTAL RETIREMENT PLAN BOARD AND STAFF**

**Appropriation Statement:**

	<b>2013 Actual</b>	<b>2014 Appropriation</b>	<b>2015 Allowance</b>
Number of Authorized Positions .....	13.00	13.00	13.00
01 Salaries, Wages and Fringe Benefits .....	<u>1,057,506</u>	<u>1,109,768</u>	<u>1,156,175</u>
02 Technical and Special Fees .....	<u>1,219</u>	<u>1,500</u>	<u>3,850</u>
03 Communication .....	14,315	20,410	20,422
04 Travel .....	18,468	9,000	20,074
07 Motor Vehicle Operation and Maintenance .....	9,870	11,760	11,760
08 Contractual Services .....	265,015	254,212	282,536
09 Supplies and Materials .....	3,185	11,000	12,000
10 Equipment—Replacement .....	3,839		3,300
11 Equipment—Additional .....	5,351	3,500	3,500
13 Fixed Charges .....	<u>123,129</u>	<u>123,670</u>	<u>133,901</u>
Total Operating Expenses .....	<u>443,172</u>	<u>433,552</u>	<u>487,493</u>
Total Expenditure .....	<u>1,501,897</u>	<u>1,544,820</u>	<u>1,647,518</u>
Special Fund Expenditure .....	<u>1,501,897</u>	<u>1,544,820</u>	<u>1,647,518</u>
 <b>Special Fund Income:</b>			
G50301 Participant Charges .....	<u>1,501,897</u>	<u>1,544,820</u>	<u>1,647,518</u>

## PERSONNEL DETAIL

## Retirement and Pension Systems Administration

Classification Title	FY 2013 Positions	FY 2013 Expenditure	FY 2014 Positions	FY 2014 Appropriation	FY 2015 Positions	FY 2015 Allowance	Symbol
g20j01 State Retirement Agency							
g20j0101 State Retirement Agency							
state retirement administrator	1.00	133,913	1.00	139,310	1.00	139,310	
exec dir state retirement agenc	1.00	144,688	1.00	150,521	1.00	150,521	
div dir ofc atty general	1.00	122,203	1.00	129,594	1.00	132,106	
prgm mgr senior iv	1.00	133,584	1.00	115,510	1.00	117,742	
prgm mgr senior iii	1.00	216,500	2.00	238,302	2.00	240,516	
asst attorney general viii	2.00	198,698	2.00	210,685	2.00	213,709	
prgm mgr senior ii	9.00	541,429	5.00	511,761	5.00	519,452	
asst attorney general vii	1.00	0	.00	0	.00	0	
it asst director iv	1.00	100,442	1.00	106,504	1.00	107,531	
prgm mgr senior i	1.00	16,978	.00	0	.00	0	
administrator vii	2.00	0	2.00	126,682	2.00	131,556	
administrator vii	9.00	819,543	9.00	829,371	9.00	837,088	
asst attorney general vi	3.00	309,960	4.00	372,134	4.00	377,548	
designated admin mgr iv	1.00	87,232	1.00	92,485	1.00	93,372	
prgm mgr iv	4.00	357,489	4.00	361,364	4.00	365,423	
admin prog mgr iii	1.00	89,886	1.00	95,297	1.00	95,297	
administrator vi	2.00	157,511	2.00	166,981	2.00	168,574	
it asst director ii	2.00	178,150	2.00	187,051	2.00	188,806	
prgm mgr iii	4.00	289,330	4.00	330,040	4.00	335,513	
administrator v	1.00	76,666	1.00	81,275	1.00	82,822	
hr administrator iii	.00	0	1.00	87,647	1.00	89,320	
prgm mgr ii	1.00	57,648	1.00	62,276	1.00	64,670	
administrator iv	1.00	80,482	1.00	83,726	1.00	83,726	
administrator iv	2.00	125,784	1.00	52,150	1.00	54,140	
prgm mgr i	2.00	132,085	2.00	132,784	2.00	136,307	
administrator iii	1.00	58,395	1.00	61,249	1.00	61,839	
chief investment officer msrp	1.00	242,376	1.00	252,144	1.00	252,144	
dep chief investment officer ms	.00	95,989	1.00	130,459	1.00	130,459	
managing director msrp	.00	207,304	3.00	350,618	3.00	350,618	
accountant manager ii	3.00	196,676	3.00	225,458	3.00	229,143	
computer network spec mgr	1.00	82,675	1.00	87,647	1.00	89,320	
it systems technical spec super	1.00	78,125	1.00	82,822	1.00	84,399	
computer network spec supr	1.00	64,048	1.00	67,914	1.00	69,222	
it programmer analyst superviso	1.00	77,510	1.00	82,167	1.00	83,726	
it programmer analyst superviso	1.00	76,066	1.00	80,634	1.00	82,167	
accountant supervisor ii	5.00	294,301	5.00	313,403	5.00	319,047	
internal auditor super	1.00	68,585	1.00	72,728	1.00	74,134	
it functional analyst superviso	1.00	64,764	1.00	68,675	1.00	69,999	
it functional analyst superviso	1.00	49,984	1.00	48,920	1.00	50,755	
it programmer analyst lead/adva	1.00	68,585	1.00	72,728	1.00	73,431	
it technical support spec ii	1.00	71,359	1.00	75,566	1.00	77,027	
ret benefits specialist supv	3.00	149,979	3.00	178,037	3.00	181,821	
accountant lead specialized	1.00	61,845	1.00	45,938	1.00	47,642	
accountant supervisor i	2.00	92,639	2.00	114,800	2.00	117,000	

PERSONNEL DETAIL

Retirement and Pension Systems Administration

Classification Title	FY 2013 Positions	FY 2013 Expenditure	FY 2014 Positions	FY 2014 Appropriation	FY 2015 Positions	FY 2015 Allowance	Symbol
-----							
g20j01 State Retirement Agency							
g20j0101 State Retirement Agency							
administrator ii	5.00	289,143	5.00	307,029	5.00	312,381	
administrator ii	3.00	161,938	3.00	166,782	3.00	170,173	
agency procurement spec supv	1.00	30,406	1.00	55,268	1.00	56,324	
computer network spec ii	1.00	58,413	1.00	61,932	1.00	63,124	
computer network spec ii	1.00	59,533	1.00	63,124	1.00	63,731	
it staff specialist	1.00	58,413	1.00	61,932	1.00	62,528	
ret benefits specialist ld	2.00	109,751	3.00	162,938	3.00	165,764	
accountant advanced	6.00	263,616	6.00	324,526	6.00	330,460	
accountant lead	3.00	135,592	3.00	175,502	3.00	177,790	
administrator i	3.00	151,755	3.00	162,774	3.00	164,899	
computer network spec i	1.00	5,970	1.00	56,951	1.00	57,496	
hr officer ii	.00	0	1.00	62,627	1.00	63,833	
internal auditor ii	2.00	75,084	2.00	105,780	2.00	107,976	
it functional analyst ii	.00	142,116	3.00	157,289	3.00	162,046	
ret benefits specialist iii	12.00	588,714	13.00	673,477	13.00	686,631	
accountant ii	14.00	583,022	15.00	730,129	15.00	746,174	
admin officer iii	1.00	57,494	1.00	60,959	1.00	62,128	
agency procurement spec ii	1.00	49,015	1.00	49,515	1.00	49,979	
hr officer i	.00	0	1.00	53,383	1.00	53,893	
it functional analyst i	3.00	3,727	.00	0	.00	0	
personnel officer ii	1.00	55,352	.00	0	.00	0	
accountant i	2.00	36,639	1.00	39,507	1.00	40,231	
admin officer ii	3.00	138,343	3.00	146,595	3.00	149,356	
management specialist iii	1.00	36,021	1.00	50,050	1.00	51,000	
personnel officer i	1.00	47,232	.00	0	.00	0	
ret benefits specialist ii	2.00	90,242	1.00	49,137	1.00	49,594	
admin officer i	5.00	234,014	5.00	248,021	5.00	251,751	
admin officer i	1.00	51,473	1.00	54,570	1.00	55,612	
ret benefits specialist i	2.00	30,130	1.00	35,840	1.00	37,141	
admin spec iii	15.00	550,344	15.00	646,555	15.00	656,032	
admin spec ii	9.00	274,771	9.00	354,859	9.00	362,722	
it production control spec lead	1.00	44,013	1.00	46,636	1.00	47,502	
it production control spec ii	1.00	41,788	1.00	44,274	1.00	44,683	
fiscal accounts technician supv	2.00	89,620	2.00	94,966	2.00	96,321	
fiscal accounts technician ii	2.00	81,908	2.00	86,815	2.00	88,022	
exec assoc iii	1.00	65,489	1.00	69,441	1.00	70,112	
exec assoc ii	2.00	106,765	2.00	113,195	2.00	114,788	
management assoc	1.00	22,371	.00	0	.00	0	
management assoc oag	.00	16,844	1.00	44,476	1.00	44,889	
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TOTAL g20j0101*	192.00	11,308,467	192.00	12,692,211	192.00	12,886,028	



PERSONNEL DETAIL

Retirement and Pension Systems Administration

Classification Title	FY 2013 Positions	FY 2013 Expenditure	FY 2014 Positions	FY 2014 Appropriation	FY 2015 Positions	FY 2015 Allowance	Symbol
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g20j0102 Major Information Technology Development Projects							
prgm mgr senior ii	.00	33,594	.00	0	.00	0	
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TOTAL g20j0102*	.00	33,594	.00	0	.00	0	
TOTAL g20j01 **	192.00	11,342,061	192.00	12,692,211	192.00	12,886,028	
g50100 Teachers and State Employees Supp'l Retirement Pln							
g5010001 Maryland Supplemental Retirement Plan Bd and Staff							
exec vii	1.00	106,353	1.00	110,640	1.00	110,640	
fiscal services admin v	1.00	73,889	1.00	78,024	1.00	79,507	
administrator vi	1.00	86,545	1.00	91,754	1.00	92,632	
administrator iii	1.00	64,764	1.00	68,675	1.00	69,999	
admin officer iii	1.00	52,294	1.00	55,441	1.00	55,972	
admin officer ii	3.50	159,935	3.50	178,642	3.50	181,218	
obs-accountant-auditor iv	1.00	50,511	1.00	53,548	1.00	54,570	
obs-accountant-auditor iii	1.00	43,213	1.00	45,787	1.00	46,212	
office secy iii	1.50	61,549	1.50	65,210	1.50	65,811	
office secy i	1.00	24,652	1.00	33,259	1.00	33,559	
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TOTAL g5010001*	13.00	723,705	13.00	780,980	13.00	790,120	
TOTAL g50100 **	13.00	723,705	13.00	780,980	13.00	790,120	