



MSRP

Maryland
Teachers & State Employees
Supplemental Retirement Plans

457 • 401(k) • 403(b) • Match

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Maryland Supplemental Retirement Plans Fiscal Year 2026 Operating Budget Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee
The Honorable Guy J. Guzzone, Chair
February 4, 2025

House Appropriations Committee
The Honorable Benjamin S. Barnes, Chair
February 7, 2025

Honorable Chairpersons and members of the Committees, thank you for this opportunity to comment on the Maryland Supplemental Retirement Plans (“MSRP”) and respond to the comment raised in the Department of Legislative Service’s analysis. We extend our gratitude to Principal Policy Analyst Mr. Jacob Cash for all his hard work and appreciate that his analysis concurs with the Governor’s allowance.

We are pleased to announce the Plans ended calendar year 2024 with an estimated \$5.9 billion in assets under management (“AUM”), representing an 11.3% *increase* from the prior year’s AUM of \$5.3 billion. As a result of the State Match program effective July 1, 2023, plan participation grew with over 4,456 new enrollments and \$15.6 million in matching contributions as of the end of fiscal year 2024.

MSRP should comment on how much enrollment is expected to grow in fiscal 2025 and 2026 barring passage of the auto-enrollment bill.

If passed, SB 270 & HB 605 would auto enroll all eligible state employees hired after January 1, 2026, into a supplemental retirement plan unless an employee makes an election to not contribute. MSRP anticipates enrollment growth driven in part by Governor Wes Moore’s commitment to strengthening the state workforce. His administration has prioritized filling vacant state positions, with approximately 2,000 vacancies filled in FY24 and a goal of adding 3,000 more jobs in FY26. This initiative aligns with the broader effort to attract and retain talent in public service, ensuring that state agencies are fully staffed to meet the needs of Maryland residents. The implementation of auto-enrollment will impact FY26 enrollment, with an estimated 3,000 new enrollees expected.

As the state workforce expands, MSRP expects a corresponding increase in plan participation, even in the absence of an auto-enrollment bill. Governor Moore’s focus on making state employment more attractive—through competitive salaries, career development opportunities, and enhanced benefits may further encourage new hires to enroll in the supplemental retirement plans.

MSRP should comment on the plans' recent performance compared to performance in fiscal 2023, when performance lagged the benchmarks.

MSRPs investments have outperformed their benchmark indices across all time periods as of June 30, 2024.

- Over the 1-year period, MSRPs investment achieved a 16.2% return, surpassing the 15.3% benchmark.
- The 3-year average return of 5.2% slightly exceeded the 5.1% benchmark.
- The 5-year average return of 10.9% outperformed the 10.2% benchmark.
- Over 10 years, MSRP investments delivered a 9.7% return, ahead of the 9.0% benchmark.

The U.S. stock market experienced a significant upward trend and positive momentum throughout the year with most major indices posting substantial gains. 2024 continued the trend of U.S. Equity markets outperforming international markets. The technology sector led the market with substantial growth and a healthy US economy contributed to positive performance.