MSRP

*Maryland*
*State Employees*
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Maryland Supplemental Retirement Plans
Fiscal Year 2027 Operating Budget
Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee
The Honorable Guy J. Guzzone, Chair
February 10, 2026

House Appropriations Committee
The Honorable Benjamin S. Barnes, Chair
February 20, 2026

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 comments 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 the analysis concurs with the Governor's allowance.

We are pleased to announce the Plans ended calendar year 2025 with an estimated $6.2 billion in assets under management ("AUM") representing a 6.1% increase from the prior year's AUM of $5.9 billion.

***MSRP should comment on why it anticipates significant growth in the share of eligible employees who enroll in a supplemental plan.***

MSRP continues to experience steady enrollment growth across the Plans. In Q4, there were over 1,100 new enrollments that received a contribution, with an additional 230 new enrollments awaiting their first contribution.

In 2025, MSRP Member Services team conducted 309 educational webinars and workshops. Feedback received indicates that State employees are responding positively to the transition MSRP's former plan administrator, Nationwide, to Empower as well as to the field events hosted by Empower to support outreach and engagement efforts with State employees.

Additionally, the Match Program continues to be a driver of new enrollments and serves as an incentive for State employees to save for retirement, offering up to a $600 match each fiscal year.

***MSRP should comment on the Plans' recent underperformance.***

With respect to the underperformance noted for the 1-year period ending June 30, 2025 (July 1, 2024 through June 30, 2025), it is important to note that this period included significant market volatility, including the initial market selloff associated with tariff related developments. As such, the performance results are largely mitigated when viewed through the lens of asset allocation and participant demographics, rather than investment option performance alone.

For the 1-year period, the S&P 500 returned 15.66 percent. While the Plan offers S&P 500 index funds that achieved returns in excess of 15 percent during this same period, overall plan performance reflects the weighted average of participant-directed allocations across all available investment options. These allocations are influenced by the diverse needs and time horizons of participants, including those nearing retirement, already in retirement, or maintaining broadly diversified portfolios. Accordingly, the one-year average reflects the returns of all investment options within the Plans, ranging from higher-risk, higher-return investments to lower-risk, lower-return options.

As a result, direct comparisons to a single benchmark are inherently challenging, as both weighted and unweighted averages have limitations when evaluating a participant-directed supplemental retirement plan with varied investment choices and risk profiles.