

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. 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' absolute return objective of achieving a real rate of return of at least 3.0%.

	2002 Actual	2003 Actual	2004 Estimated	2005 Estimated
Performance Measures				
Outcome: Difference between the actual rate of return for the composite portfolio and the 10-year rolling average of the annual national inflation rate	5.3%	4.2%	N/A	N/A

Objective 1.2 By the end of each fiscal year, meet the Board of Trustees' absolute return objective of achieving a nominal rate of return that equals or exceeds the actuarial return assumption set by the Board of Trustees.

	2002 Actual	2003 Actual	2004 Estimated	2005 Estimated
Performance Measures				
Outcome: Difference between the actual rate of return for the composite portfolio and the actuarial return assumption set by the Board of Trustees over a 10-year rolling average	(0.1)%	(1.4)%	N/A	N/A

Objective 1.3 Over the long term (5-year rolling periods), meet or exceed median peer performance, where peers are defined as other public pension funds with assets in excess of \$1 billion.

	2002 Actual	2003 Actual	2004 Estimated	2005 Estimated
Performance Measures				
Outcomes: Difference between the nominal rate of return for the composite portfolio and the nominal median peer return over a 5-year rolling period	(1.92)%	(1.82)%	N/A	N/A
MSRPS nominal rate of return over a 5-year rolling period	3.21%	.89%	N/A	N/A

Note: N/A - Estimate not available.

MARYLAND STATE RETIREMENT AND PENSION SYSTEMS

G20J01.01 STATE RETIREMENT AGENCY (Continued)

Performance Measures	2002 Actual	2003 Actual	2004 Estimated	2005 Estimated
Outcomes: Nominal peer return over a 5-year rolling period	5.13%	2.71%	N/A	N/A
Fair value of investment portfolio at fiscal year end (\$000s)	\$26,512,600	\$26,622,400	N/A	N/A
Net investment income earned during the fiscal year (\$000s)	(\$2,159,700)	\$756,700	N/A	N/A

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 By the end of fiscal year 2004, 90% of new retirees and active plan participants should feel that they received adequate information to make informed decisions regarding their defined benefit retirement options.

Performance Measures	2002 Actual	2003 Actual	2004 Estimated	2005 Estimated
Quality: The percentage of new retirees and active plan participants who respond favorably to a customer survey regarding the adequacy of information disseminated through individual counseling and through telephone inquiry	82.5%	86.3%	90.0%	90.0%

Objective 2.2 On an ongoing basis, no more than 5.0 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.

Performance Measures	2002 Actual	2003 Actual	2004 Estimated	2005 Estimated
Quality: Percentage of incoming telephone calls abandoned by the automated telephone system	5.4%	4.5%	5.0%	5.0%
Average telephone waiting time in minutes: seconds	1:20	1:05	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% of retirement allowances will be processed timely.

Performance Measures	2002 Actual	2003 Actual	2004 Estimated	2005 Estimated
Input: Number of new retirees during fiscal year	5,031	5,321	5,000	5,000
Dollar value of retirement benefits paid (\$000s)	\$1,372,300	\$1,474,300	\$1,575,000	\$1,700,000
Quality: Percentage of retirement applications processed within the stated time frame	99.9%	99.9%	99.0%	99.0%

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

Performance Measures	2002 Actual	2003 Actual	2004 Estimated	2005 Estimated
Outcome: Percentage of retirement benefit payments accurately computed	99.8%	99.9%	100.0%	100.0%

Note: N/A Estimate not available.
Dollars expressed in thousands.

MARYLAND STATE RETIREMENT AND PENSION SYSTEMS

G20J01.01 STATE RETIREMENT AGENCY

Appropriation Statement:

	2003 Actual	2004 Appropriation	2005 Allowance
Number of Authorized Positions	168.00	164.00	164.00
Number of Contractual Positions	24.45	29.50	29.50
01 Salaries, Wages and Fringe Benefits	<u>10,575,626</u>	<u>10,787,994</u>	<u>10,981,990</u>
02 Technical and Special Fees	<u>1,121,749</u>	<u>1,403,888</u>	<u>1,358,478</u>
03 Communication	1,124,068	1,017,266	1,093,426
04 Travel	113,561	122,284	163,622
07 Motor Vehicle Operation and Maintenance	140,092	137,148	139,042
08 Contractual Services	4,735,729	4,743,321	5,124,479
09 Supplies and Materials	183,125	210,773	195,623
10 Equipment—Replacement	2,899	48,188	216,473
11 Equipment—Additional	82,747		
13 Fixed Charges	<u>1,671,959</u>	<u>1,787,189</u>	<u>1,966,845</u>
Total Operating Expenses	<u>8,054,180</u>	<u>8,066,169</u>	<u>8,899,510</u>
Total Expenditure	<u>19,751,555</u>	<u>20,258,051</u>	<u>21,239,978</u>
Special Fund Expenditure	<u>19,751,555</u>	<u>20,258,051</u>	<u>21,239,978</u>
 Special Fund Income:			
G20301 Investment Income	<u>19,751,555</u>	<u>20,258,051</u>	<u>21,239,978</u>

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 Match Plan receives dollar-for-dollar matching contributions in eligible participant accounts up to a maximum amount per fiscal year as provided in the State Budget. To conserve spending, the Match Plan statutory maximum amount of \$600 was reduced to \$500 in fiscal year 2003 and suspended in fiscal year 2004.

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 their informed decisions about participation.

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

	2002	2003	2004	2005
Performance Measures	Actual	Actual	Estimated	Estimated
Outputs: Deferred Compensation (457) Plan members	28,574	28,453	28,500	29,100
Tax Deferred Annuity (403b) Plan members	1,365	1,279	1,280	1,300
Savings & Investment (401k) Plan members	37,175	37,086	37,100	37,800
Outcomes: All Plans members	67,114	66,818	66,880	68,200
Plan members as percent of eligible employees	83%	83%	84%	85%
All Plans contributing members	45,571	45,581	45,700	46,600
Contributors as percent of eligible employees	56%	57%	57%	58%

TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

G50L00.01 MARYLAND SUPPLEMENTAL RETIREMENT PLAN BOARD AND STAFF (Continued)

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.

Annual Rates of Return as of June 30, 2003

	1Year	3 Years	5Years	10 Years
Outcomes: Average Returns for all Investment Options	2.2%	-6.1%	1.9%	9.4%
Average of all Investment Indices	0.9%	-7.3%	0.4%	8.0%
	2002	2003	2004	2005
Performance Measures	Actual	Actual	Estimated	Estimated
Outputs: All plans				
Net total assets* (millions)	\$1,507.0	\$1,614.6	\$1,691.0	\$1,776.0
Invested assets (millions)	\$1,462.3	\$1,571.6	\$1,649.0	\$1,736.0
Outcomes: Change over previous fiscal year	-7%	8%	5%	5%

Notes: * Net Total Assets for the 457 Plan includes assets such as the cash value of life insurance and annuity reserves in addition to Invested Assets.

TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

G50L00.01 MARYLAND SUPPLEMENTAL RETIREMENT PLAN BOARD AND STAFF

Appropriation Statement:

	2003 Actual	2004 Appropriation	2005 Allowance
Number of Authorized Positions	16.50	16.50	16.50
01 Salaries, Wages and Fringe Benefits	<u>1,083,566</u>	<u>1,017,931</u>	<u>1,148,226</u>
02 Technical and Special Fees	<u>11,604</u>	<u>7,500</u>	<u>4,500</u>
03 Communication	23,783	30,734	26,105
04 Travel	30,310	29,000	11,600
07 Motor Vehicle Operation and Maintenance	14,580	15,552	15,552
08 Contractual Services	194,075	199,494	186,550
09 Supplies and Materials	22,754	8,650	3,800
10 Equipment—Replacement			870
11 Equipment—Additional	200	2,000	1,200
13 Fixed Charges	<u>83,700</u>	<u>88,316</u>	<u>90,127</u>
Total Operating Expenses	<u>369,402</u>	<u>373,746</u>	<u>335,804</u>
Total Expenditure	<u>1,464,572</u>	<u>1,399,177</u>	<u>1,488,530</u>
Special Fund Expenditure	<u>1,464,572</u>	<u>1,399,177</u>	<u>1,488,530</u>
Special Fund Income:			
G50301 Participant Charges	<u>1,464,572</u>	<u>1,399,177</u>	<u>1,488,530</u>

INJURED WORKERS' INSURANCE FUND

PROGRAM DESCRIPTION

The Injured Worker's Insurance Fund (IWIF) is a non-budgeted, independent entity. IWIF is governed by a Board of nine directors (appointed by the Governor to 5-year terms), which approves the operating and capital budgets. By law, IWIF's calendar year 2003 budget is submitted to the General Assembly for informational purposes only. The primary purpose of IWIF is to provide workers compensation insurance to Maryland-based businesses. IWIF provides workers compensation insurance to employers who do not wish, or are not allowed, to self-insure. The goal of IWIF is to provide insurance coverage and to pay benefits promptly to injured workers and dependents. Financing for IWIF is derived solely from its premium and investment income.

MISSION

The mission of the Injured Workers' Insurance Fund is to provide high-quality workers' compensation services at a fair market price for the benefit of all Marylanders. In providing this service, IWIF adds to the economic vitality of the state and supports the financial stability of Maryland businesses.

VISION

To be the workers' compensation insurer of choice for Maryland.

KEY GOALS

- To intensify our commitment to being customer-driven so as to provide superior internal and external service.
- To create an internal organization structure that will help spur profitable growth.
- To maximize operating efficiencies, enhance management of financial and human assets, and lead in the marketplace by leveraging technology.
- To create and maintain a high-performance culture that motivates, challenges and rewards employees.
- To brand IWIF with workplace safety. Create and respond to market opportunities.

INJURED WORKERS' INSURANCE FUND

SUMMARY OF INJURED WORKERS' INSURANCE FUND

	2003 Estimated	2004 Estimated	2005 Estimated
Number of Authorized Positions	406.00	398.00	
01 Salaries, Wages and Fringe Benefits	<u>27,935,000</u>	<u>29,125,000</u>	
02 Technical and Special Fees	<u>604,000</u>	<u>572,000</u>	
03 Communication.....	1,037,000	998,000	
04 Travel.....	219,000	210,000	
06 Fuel and Utilities	30,000	43,000	
07 Motor Vehicle Operation and Maintenance	34,000	37,000	
08 Contractual Services.....	2,901,000	3,287,000	
09 Supplies and Materials	556,000	683,000	
10 Equipment—Replacement.....	222,000	223,000	
11 Equipment—Additional	20,000	8,000	
13 Fixed Charges.....	735,000	574,000	
14 Land and Structures.....	<u>872,000</u>	<u>1,102,000</u>	
Total Operating Expenses.....	<u>6,626,000</u>	<u>7,165,000</u>	
Total Expenditure	<u>35,165,000</u>	<u>36,862,000</u>	
Non-Budgeted Funds	<u>35,165,000</u>	<u>36,862,000</u>	
 Non-budgeted Fund Income:			
G99701 Premium and Investment Income	<u>35,165,000</u>	<u>36,862,000</u>	

PERSONNEL DETAIL

Retirement and Pension Systems Administration

Classification Title	FY 2003 Positions	FY 2003 Expenditure	FY 2004 Positions	FY 2004 Appropriation	FY 2005 Positions	FY 2005 Allowance	Symbol
g20j01 Maryland State Retirement and Pension Systems							
g20j0101 State Retirement Agency							
exec dir for investments ret	1.00	91,982	1.00	92,220	1.00	92,220	
exec dir state retirement agenc	1.00	75,444	1.00	115,000	1.00	115,000	
exec vi	1.00	107,939	1.00	102,282	1.00	102,282	
prgm mgr senior iv	2.00	200,235	2.00	199,235	2.00	202,076	
principal counsel	1.00	95,401	1.00	95,401	1.00	97,280	
asst attorney general viii	1.00	89,249	1.00	89,249	1.00	91,007	
prgm mgr senior ii	1.00	85,837	2.00	173,363	2.00	175,931	
prgm mgr senior i	1.00	83,502	2.00	157,803	2.00	160,902	
administrator vii	1.00	78,628	1.00	78,128	1.00	79,663	
administrator vii	3.00	225,908	3.00	232,939	3.00	235,964	
asst attorney general vi	1.50	109,957	1.50	109,957	1.50	112,116	
dp asst director iii	1.00	78,128	1.00	78,128	1.00	78,896	
prgm mgr iv	3.00	215,372	3.00	220,128	3.00	223,696	
administrator vi	4.00	255,405	4.00	255,154	4.00	261,832	
dp asst director ii	1.00	77,497	1.00	77,497	1.00	78,258	
prgm mgr iii	3.00	258,496	4.00	262,295	4.00	268,608	
admin prog mgr ii	1.00	68,415	1.00	68,415	1.00	69,755	
administrator v	.00	19,301	1.00	60,905	1.00	62,096	
administrator v	1.00	67,100	1.00	67,100	1.00	67,758	
admin prog mgr i	1.00	54,851	1.00	54,851	1.00	55,385	
administrator iv	1.00	64,029	1.00	64,029	1.00	64,656	
personnel administrator iii	.00	30,553	.00	0	.00	0	
personnel administrator iii	1.00	19,437	.00	0	.00	0	
prgm mgr i	.00	46,949	2.00	119,812	2.00	122,153	
administrator iii	2.00	128,458	2.00	113,195	2.00	114,830	
accountant manager iii	1.00	70,322	1.00	70,322	1.00	71,701	
asst attorney general v	.50	36,554	.50	36,554	.50	37,271	
fiscal services administrator i	1.00	73,107	1.00	73,107	1.00	73,825	
accountant manager ii	3.00	158,164	3.00	173,978	3.00	179,533	
computer network spec mgr	1.00	64,548	1.00	64,548	1.00	65,811	
computer network spec supr	2.00	124,445	2.00	124,445	2.00	126,879	
dp programmer analyst superviso	1.00	64,029	1.00	64,029	1.00	65,282	
dp technical support spec super	1.00	41,348	.00	0	.00	0	
accountant supervisor ii	5.00	219,637	4.00	212,634	4.00	215,726	
computer network spec lead	1.00	51,472	1.00	58,783	1.00	59,932	
dp programmer analyst lead/adva	2.00	19,565	.00	0	.00	0	
dp programmer analyst lead/adva	2.00	113,195	2.00	113,195	2.00	114,830	
dp quality assurance spec	1.00	63,514	.00	0	.00	0	
dp technical support spec ii	1.00	58,783	1.00	58,783	1.00	59,932	
dp technical support spec ii	1.00	56,236	1.00	57,658	1.00	58,783	
internal auditor super	1.00	57,658	1.00	57,658	1.00	58,783	
investment operations manager	1.00	45,805	1.00	45,805	1.00	47,583	
accountant supervisor i	1.00	50,941	1.00	50,941	1.00	51,437	
accountant, lead specialized	2.00	83,629	1.00	50,941	1.00	51,437	

PERSONNEL DETAIL

Retirement and Pension Systems Administration

Classification Title	FY 2003 Positions	FY 2003 Expenditure	FY 2004 Positions	FY 2004 Appropriation	FY 2005 Positions	FY 2005 Allowance	Symbol
g20j01 Maryland State Retirement and Pension Systems							
g20j0101 State Retirement Agency							
administrator ii	2.00	86,235	2.00	102,059	2.00	104,044	
administrator ii	1.00	51,191	1.00	50,941	1.00	51,437	
computer network spec ii	1.00	56,932	1.00	52,944	1.00	53,975	
computer network spec ii	1.00	49,017	1.00	49,017	1.00	49,493	
dp programmer analyst ii	1.00	55,027	1.00	55,027	1.00	55,564	
dp staff spec	.00	0	1.00	55,027	1.00	56,100	
internal auditor lead	1.00	51,933	1.00	51,933	1.00	52,944	
obs-data proc staff specialist	1.00	14,012	.00	0	.00	0	
personnel administrator i	.00	15,458	.00	0	.00	0	
webmaster ii	1.00	51,933	1.00	51,933	1.00	52,944	
accountant, advanced	7.00	307,071	7.00	307,070	7.00	314,198	
administrator i	5.00	239,541	5.00	243,426	5.00	247,668	
dp functional analyst ii	1.00	45,608	1.00	43,351	1.00	45,029	
dp functional analyst ii	.00	31,082	1.00	52,522	1.00	53,545	
personnel officer iii	1.00	7,019	.00	0	.00	0	
accountant ii	5.00	204,199	6.00	251,551	6.00	255,601	
admin officer iii	1.00	47,319	1.00	47,319	1.00	48,238	
computer info services spec ii	.00	15,188	.00	0	.00	0	
ret benefits counselor iv	4.00	174,279	3.00	136,812	3.00	139,465	
accountant i	5.00	200,688	5.00	200,691	5.00	203,800	
admin officer ii	3.00	120,270	3.00	126,387	3.00	128,418	
internal auditor i	2.00	90,414	2.00	90,414	2.00	92,167	
personnel officer i	1.00	36,769	1.00	40,267	1.00	41,044	
ret benefits counselor iii	5.00	195,776	5.00	212,587	5.00	215,463	
ret services specialist iv	1.00	43,472	1.00	43,472	1.00	44,314	
admin officer i	5.00	173,682	5.00	188,456	5.00	191,886	
admin officer i	2.00	81,221	2.00	81,451	2.00	82,624	
ret benefits counselor ii	5.00	196,709	5.00	193,842	5.00	197,184	
admin spec iii	9.00	244,495	6.00	219,804	6.00	222,960	
ret services specialist ii	.00	-2,263	.00	0	.00	0	
admin spec ii	4.00	175,516	5.00	163,969	5.00	167,992	
ret services specialist i	3.00	104,593	3.00	104,593	3.00	105,597	
dp production control spec supr	1.00	36,126	1.00	35,638	1.00	37,009	
computer operator ii	1.00	38,867	1.00	36,024	1.00	36,371	
computer operator i	.00	49,157	3.00	95,551	3.00	97,083	
dp production control spec ii	5.00	194,139	5.00	162,922	5.00	165,920	
dp production control spec i	1.00	3,040	.00	0	.00	0	
fiscal accounts technician supv	1.00	38,448	1.00	38,448	1.00	39,191	
ret benefits counselor i	7.00	201,067	7.00	236,514	7.00	243,230	
fiscal accounts technician ii	3.00	103,981	3.00	103,905	3.00	105,556	
exec assoc iii	1.00	53,117	1.00	48,084	1.00	49,017	
exec assoc ii	2.00	84,069	2.00	83,569	2.00	84,727	
obs-executive associate i	1.00	40,267	1.00	40,267	1.00	41,044	
admin aide	1.00	26,181	1.00	36,428	1.00	37,128	

PERSONNEL DETAIL

Retirement and Pension Systems Administration

Classification Title	FY 2003 Positions	FY 2003 Expenditure	FY 2004 Positions	FY 2004 Appropriation	FY 2005 Positions	FY 2005 Allowance	Symbol

g20j01 Maryland State Retirement and Pension Systems							
g20j0101 State Retirement Agency							
services specialist	3.00	42,396	.00	0	.00	0	
office services clerk	1.00	26,785	1.00	29,988	1.00	30,275	

TOTAL g20j0101*	168.00	8,183,051	164.00	8,364,670	164.00	8,511,354	
TOTAL g20j01 **	168.00	8,183,051	164.00	8,364,670	164.00	8,511,354	
g50l00 Teachers and State Employees Supplemental Retirement Plans							
g50l0001 Maryland Supplemental Retirement Plan Board and Staff							
exec vii	1.00	111,008	1.00	111,008	1.00	111,008	
administrator vii	1.00	76,622	1.00	76,622	1.00	78,128	
administrator vi	1.00	71,701	1.00	71,701	1.00	72,404	
administrator iii	2.00	104,015	2.00	111,029	2.00	113,195	
obs-fiscal administrator iii	1.00	62,801	1.00	62,801	1.00	64,029	
obs-fiscal specialist iii	1.00	50,535	1.00	50,535	1.00	51,519	
admin officer iii	1.00	42,989	1.00	42,989	1.00	43,405	
admin officer ii	4.00	167,496	4.00	167,496	4.00	169,710	
obs-accountant-auditor iv	1.00	41,504	1.00	41,504	1.00	42,307	
obs-accountant-auditor iii	1.00	35,345	1.00	35,345	1.00	35,685	
office secy iii	1.50	50,240	1.50	50,240	1.50	50,882	
office secy i	1.00	23,096	1.00	23,096	1.00	23,964	

TOTAL g50l0001*	16.50	837,352	16.50	844,366	16.50	856,236	
TOTAL g50l00 **	16.50	837,352	16.50	844,366	16.50	856,236	

