

**RETIREMENT AND PENSION SYSTEMS ADMINISTRATION**

**Maryland State Retirement and Pension Systems**

**Teachers and State Employees Supplemental Retirement Plans**



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

	2005	2006	2007	2008
Performance Measures	Actual	Actual	Estimated	Estimated
<b>Outcome:</b> Difference between the actual rate of return for the composite portfolio and the 10-year rolling average of the annual national inflation rate	5.2%	4.7%	*	*

**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.

	2005	2006	2007	2008
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 a 10-year rolling average	(0.1)%	(0.4)%	*	*

**Note:** \*Estimate not available.

# 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 median peer performance where peers are defined as other public pension funds with assets in excess of \$1 billion.

<b>Performance Measures</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Estimated</b>	<b>2008 Estimated</b>
<b>Outcome:</b> Difference between the nominal rate of return for the composite portfolio and the nominal median peer return over a 5-year rolling period	(1.59)%	(0.56)%	*	*
MSRPS nominal rate of return over a 5-year rolling period	1.90%	6.01%	*	*
Fair value of investment portfolio at fiscal year end (\$000s)	\$31,980,000	\$36,029,000	*	*
Net investment income earned during the fiscal year (\$000s)	\$2,766,400	\$3,225,600	*	*

**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 2007, 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.

<b>Performance Measures</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Estimated</b>	<b>2008 Estimated</b>
<b>Quality:</b> 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	87.5%	87.2%	90.0%	90.0%

**Objective 2.2** By the end of fiscal year 2008 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.

<b>Performance Measures</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Estimated</b>	<b>2008 Estimated</b>
<b>Quality:</b> Percentage of incoming telephone calls abandoned by the automated telephone system	8.3%	11.4%	8.0%	5.0%
Average telephone waiting time in minutes: seconds	1:43	2:46	2:15	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.

<b>Performance Measures</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Estimated</b>	<b>2008 Estimated</b>
<b>Quality:</b> 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.

<b>Performance Measures</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Estimated</b>	<b>2008 Estimated</b>
<b>Outcome:</b> Percentage of retirement benefit payments accurately computed	99.9%	99.9%	100.0%	100.0%

**Note:** \*Estimate not available. Dollars expressed in thousands.

MARYLAND STATE RETIREMENT AND PENSION SYSTEMS

SUMMARY OF MARYLAND STATE RETIREMENT AND PENSION SYSTEMS

	2006 Actual	2007 Appropriation	2008 Allowance
Total Number of Authorized Positions.....	172.00	175.00	177.00
Total Number of Contractual Positions.....	19.74	29.00	29.00
Salaries, Wages and Fringe Benefits.....	11,533,867	12,664,025	12,491,395
Technical and Special Fees.....	1,246,031	1,640,924	1,766,397
Operating Expenses.....	14,815,574	7,711,172	8,022,483
Special Fund Expenditure.....	27,595,472	22,016,121	22,280,275

G20J01.01 STATE RETIREMENT AGENCY

Appropriation Statement:

	2006 Actual	2007 Appropriation	2008 Allowance
Number of Authorized Positions.....	172.00	175.00	177.00
Number of Contractual Positions.....	19.74	29.00	29.00
01 Salaries, Wages and Fringe Benefits.....	11,533,867	12,664,025	12,491,395
02 Technical and Special Fees.....	1,246,031	1,640,924	1,766,397
03 Communication.....	849,423	1,001,671	682,376
04 Travel.....	142,637	132,416	328,494
07 Motor Vehicle Operation and Maintenance.....	125,181	130,318	146,587
08 Contractual Services.....	3,868,449	4,447,965	4,718,373
09 Supplies and Materials.....	175,500	181,323	203,800
10 Equipment—Replacement.....	129,671	80,894	89,227
11 Equipment—Additional.....	80,717	51,245	55,500
13 Fixed Charges.....	1,660,996	1,685,340	1,798,126
Total Operating Expenses.....	7,032,574	7,711,172	8,022,483
Total Expenditure.....	19,812,472	22,016,121	22,280,275
Special Fund Expenditure.....	19,812,472	22,016,121	22,280,275
<b>Special Fund Income:</b>			
G20301 Investment Income.....	19,812,472	21,890,684	22,280,275
swf312 Section 40 Pension Costs.....		125,437	
Total.....	19,812,472	22,016,121	22,280,275

MARYLAND STATE RETIREMENT AND PENSION SYSTEMS

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**G20J01.02 MAJOR INFORMATION TECHNOLOGY DEVELOPMENT PROJECTS**

**Appropriation Statement:**

	2006 Actual	2007 Appropriation	2008 Allowance
08 Contractual Services .....	7,783,000		
Total Operating Expenses .....	<u>7,783,000</u>		
Total Expenditure .....	<u>7,783,000</u>		
Special Fund Expenditure .....	<u>7,783,000</u>		
 <b>Special Fund Income:</b>			
G20301 Investment Income .....	<u>7,783,000</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 statutory maximum amount of \$600 per fiscal year as provided in the State Budget. The Match Plan was restored to the maximum of \$600 in fiscal year 2007.

### 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% of eligible employees to participate in the plans.

	2005	2006	2007	2008
<b>Performance Measures</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Estimated</b>
<b>Output:</b> Deferred Compensation (457) Plan members	28,032	29,147	29,500	29,800
Tax Deferred Annuity (403b) Plan members	1,009	962	900	900
Savings and Investment (401k) Plan members	35,363	36,370	36,700	37,000
Members with multiple Plan accounts*	(7,391)	(7,457)	(7,500)	(7,550)
<b>Outcome:</b> All Plans members	57,013	59,022	59,600	60,150
Plan members as percent of eligible employees	71%	73%	73%	73%
All Plans contributing members	39,218	40,869	44,300	47,200
Contributors as percent of eligible employees	49%	51%	54%	58%

**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, 2005</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	9.4%	12.6%	6.1%	10.1%
Average of all Investment Indices	9.9%	13.0%	5.8%	8.6%

	2005	2006	2007	2008
<b>Performance Measures</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Estimated</b>
<b>Output:</b> All plans				
Net total assets** (millions)	\$2,007.8	\$2,183.8	\$2,348.5	\$2,513.6
Invested assets (millions)	\$1,969.3	\$2,148.1	\$2,314.8	\$2,481.8
<b>Outcome:</b> Change over previous fiscal year	8%	9%	8%	7%

**Note:** \*Plan member data are unduplicated counts of participant individuals, some with retirement savings in more than one plan.

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

**TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS**

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

**Appropriation Statement:**

	2006 Actual	2007 Appropriation	2008 Allowance
Number of Authorized Positions .....	14.00	14.00	14.00
01 Salaries, Wages and Fringe Benefits .....	<u>950,782</u>	<u>977,498</u>	<u>977,510</u>
02 Technical and Special Fees .....	<u>2,292</u>	<u>3,500</u>	<u>5,000</u>
03 Communication .....	13,889	36,974	32,750
04 Travel .....	20,487	10,000	16,000
07 Motor Vehicle Operation and Maintenance .....	14,834	14,796	14,796
08 Contractual Services .....	201,210	217,685	229,712
09 Supplies and Materials .....	10,656	9,100	11,100
10 Equipment—Replacement .....		2,649	1,000
11 Equipment—Additional .....	508	397	5,400
13 Fixed Charges .....	<u>89,105</u>	<u>92,064</u>	<u>98,687</u>
Total Operating Expenses .....	<u>350,689</u>	<u>383,665</u>	<u>409,445</u>
Total Expenditure .....	<u>1,303,763</u>	<u>1,364,663</u>	<u>1,391,955</u>
Special Fund Expenditure .....	<u>1,303,763</u>	<u>1,364,663</u>	<u>1,391,955</u>
 <b>Special Fund Income:</b>			
G50301 Participant Charges .....	1,303,763	1,353,560	1,391,955
swf312 Section 40 Pension Costs .....		11,103	
Total .....	<u>1,303,763</u>	<u>1,364,663</u>	<u>1,391,955</u>



## PERSONNEL DETAIL

## Retirement and Pension Systems Administration

Classification Title	FY 2006 Positions	FY 2006 Expenditure	FY 2007 Positions	FY 2007 Appropriation	FY 2008 Positions	FY 2008 Allowance	Symbol
g20j01 Maryland State Retirement and Pension Systems							
g20j0101 State Retirement Agency							
exec dir for investments ret	1.00	78,979	1.00	103,033	1.00	103,033	
exec dir state retirement agenc	1.00	134,510	1.00	135,921	1.00	135,921	
exec vii	1.00	117,499	1.00	118,903	1.00	118,903	
div dir ofc atty general	1.00	108,399	1.00	111,926	1.00	114,094	
prgm mgr senior iv	2.00	94,469	1.00	111,926	1.00	114,094	
asst attorney general viii	1.00	87,671	1.00	98,211	1.00	100,105	
prgm mgr senior ii	2.00	186,903	3.00	261,777	3.00	266,799	
prgm mgr senior i	2.00	246,795	2.00	191,224	2.00	194,908	
senior asst state prosecutor	.00	38,715	1.00	83,680	1.00	85,282	
administrator vii	2.00	205,474	3.00	259,737	3.00	264,718	
asst attorney general vi	1.50	71,880	.50	43,116	.50	43,944	
dp asst director iii	1.00	82,410	1.00	85,421	1.00	87,060	
prgm mgr iv	6.00	439,331	7.00	518,601	7.00	529,699	
administrator vi	3.00	93,366	2.00	150,206	2.00	153,086	
dp asst director ii	1.00	80,189	1.00	83,155	1.00	84,745	
fiscal services administrator i	1.00	60,085	1.00	54,301	1.00	56,385	
prgm mgr iii	4.00	281,034	4.00	291,981	4.00	297,588	
admin prog mgr ii	1.00	72,954	1.00	75,770	1.00	77,212	
administrator v	1.00	70,880	1.00	73,660	1.00	75,062	
prgm mgr ii	1.00	65,022	1.00	67,606	1.00	68,914	
admin prog mgr i	1.00	58,072	1.00	60,380	1.00	61,544	
administrator iv	1.00	114,480	3.00	197,171	3.00	200,952	
prgm mgr i	2.00	67,742	2.00	123,079	2.00	126,476	
administrator iii	2.00	120,351	2.00	125,130	2.00	127,543	
accountant manager iii	1.00	1,027	.00	0	.00	0	
asst attorney general v	.50	38,955	.50	40,412	.50	41,184	
accountant manager ii	3.00	193,982	3.00	201,688	3.00	205,586	
asst attorney general iv	.00	35,982	1.00	63,230	1.00	64,451	
computer network spec mgr	1.00	74,693	1.00	75,770	1.00	77,212	
computer network spec mgr	1.00	68,870	1.00	71,605	1.00	72,965	
it systems technical spec super	1.00	70,511	1.00	71,605	1.00	72,965	
computer network spec supr	1.00	65,457	1.00	69,689	1.00	71,039	
dp programmer analyst superviso	1.00	68,322	1.00	71,039	1.00	72,395	
dp programmer analyst superviso	1.00	67,320	1.00	68,366	1.00	69,689	
it systems technical spec	1.00	67,668	1.00	70,364	1.00	71,717	
accountant supervisor ii	4.00	263,308	5.00	289,636	5.00	295,208	
computer network spec lead	.00	-1,496	.00	0	.00	0	
dp programmer analyst lead/adva	2.00	101,554	2.00	111,681	2.00	114,783	
dp technical support spec ii	1.00	62,783	1.00	65,274	1.00	66,535	
dp technical support spec ii	.00	-1,468	.00	0	.00	0	
internal auditor super	1.00	61,595	1.00	64,039	1.00	65,274	
investment operations manager	1.00	50,937	1.00	53,946	1.00	54,981	
staff atty ii attorney genral	1.00	23,039	.00	0	.00	0	
accountant supervisor i	2.00	77,026	1.00	52,020	1.00	53,016	

PERSONNEL DETAIL

Retirement and Pension Systems Administration

Classification Title	FY 2006 Positions	FY 2006 Expenditure	FY 2007 Positions	FY 2007 Appropriation	FY 2008 Positions	FY 2008 Allowance	Symbol
g20j01 Maryland State Retirement and Pension Systems							
g20j0101 State Retirement Agency							
accountant, lead specialized	2.00	66,072	1.00	56,126	1.00	57,204	
administrator ii	2.00	109,187	2.00	113,512	2.00	115,693	
administrator ii	1.00	53,985	1.00	56,126	1.00	57,204	
computer network spec ii	1.00	56,616	1.00	58,860	1.00	59,993	
computer network spec ii	1.00	51,972	1.00	54,033	1.00	55,070	
dp staff spec	1.00	50,995	1.00	53,016	1.00	54,033	
internal auditor lead	1.00	0	.00	0	.00	0	
webmaster ii	.00	-1,324	.00	0	.00	0	
accountant, advanced	7.00	296,287	6.00	294,010	6.00	300,430	
accountant, lead	.00	45,272	3.00	150,558	3.00	153,437	
administrator i	4.00	205,526	4.00	214,695	4.00	218,810	
computer network spec i	1.00	43,341	1.00	44,846	1.00	46,532	
dp functional analyst ii	1.00	47,354	1.00	49,224	1.00	50,164	
accountant ii	9.00	330,872	9.00	398,264	9.00	408,771	
admin officer iii	1.00	50,677	1.00	52,680	1.00	53,689	
admin officer iii	1.00	44,817	1.00	46,587	1.00	47,475	
personnel officer ii	1.00	0	.00	0	.00	0	
ret benefits counselor iv	4.00	197,273	4.00	205,067	4.00	208,989	
accountant i	5.00	146,096	3.00	124,702	3.00	128,115	
admin officer ii	3.00	135,156	3.00	140,508	4.00	178,038	New
internal auditor i	.00	5,164	.00	0	.00	0	
ret benefits counselor iii	3.00	187,774	6.00	270,245	6.00	275,315	
admin officer i	6.00	255,395	8.00	333,571	8.00	340,117	
admin officer i	1.00	42,890	1.00	44,605	1.00	45,436	
internal auditor trainee	2.00	52,002	2.00	74,615	2.00	76,579	
ret benefits counselor ii	4.00	137,180	3.00	118,507	3.00	121,390	
admin spec iii	11.00	414,346	14.00	522,678	15.00	565,664	New
admin spec ii	4.00	120,473	4.00	154,277	4.00	157,117	
ret services specialist i	3.00	52,269	.00	0	.00	0	
administrative specialist i	.00	11,875	1.00	27,815	1.00	28,805	
dp production control spec supr	1.00	19,940	.00	0	.00	0	
computer operator ii	.00	-924	.00	0	.00	0	
dp production control spec lead	.00	18,850	1.00	40,381	1.00	41,127	
computer operator i	3.00	103,032	3.00	107,668	3.00	109,638	
dp production control spec ii	5.00	147,883	4.00	146,851	4.00	149,541	
fiscal accounts technician supv	1.00	41,310	1.00	42,993	1.00	43,790	
ret benefits counselor i	11.00	247,003	9.00	319,331	9.00	330,207	
fiscal accounts technician ii	2.00	74,447	3.00	106,678	3.00	109,148	
fiscal accounts technician i	.00	28,284	1.00	36,311	1.00	36,976	
exec assoc iii	1.00	51,482	1.00	53,519	1.00	54,546	
exec assoc ii	2.00	89,900	2.00	94,297	2.00	96,859	
obs-executive associate i	1.00	43,230	1.00	44,951	1.00	45,788	
admin aide	1.00	32,541	1.00	29,026	1.00	30,066	
office services clerk	1.00	24,750	1.00	33,577	1.00	34,188	
TOTAL g20j0101*	172.00	8,498,545	175.00	9,580,989	177.00	9,843,011	
TOTAL g20j01 **	172.00	8,498,545	175.00	9,580,989	177.00	9,843,011	

PERSONNEL DETAIL

Retirement and Pension Systems Administration

Classification Title	FY 2006 Positions	FY 2006 Expenditure	FY 2007 Positions	FY 2007 Appropriation	FY 2008 Positions	FY 2008 Allowance	Symbol
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g50l00 Teachers and State Employees Supplemental Retirement Plans							
g50l0001 Maryland Supplemental Retirement Plan Board and Staff							
exec vii	1.00	94,010	1.00	95,410	1.00	95,410	
administrator vi	1.00	74,252	1.00	78,567	1.00	80,066	
administrator iii	1.00	57,068	1.00	59,331	1.00	60,473	
obs-fiscal administrator iii	1.00	67,025	1.00	69,689	1.00	71,039	
obs-fiscal specialist iii	1.00	54,074	1.00	56,215	1.00	57,294	
admin officer iii	1.00	45,670	1.00	47,475	1.00	48,380	
admin officer ii	3.50	143,370	3.50	166,514	3.50	169,682	
obs-accountant-auditor iv	1.00	44,536	1.00	46,291	1.00	47,173	
obs-accountant-auditor iii	1.00	37,677	1.00	39,290	1.00	40,015	
office secy iii	1.50	53,779	1.50	56,142	1.50	57,173	
office secy i	1.00	26,004	1.00	27,857	1.00	28,850	
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TOTAL g50l0001*	14.00	697,465	14.00	742,781	14.00	755,555	
TOTAL g50l00 **	14.00	697,465	14.00	742,781	14.00	755,555	