

THE Mentor

News from the State Retirement and Pension System of Maryland

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STATE RETIREMENT
and PENSION SYSTEM
of MARYLAND

Changing jobs?
See page 4 for
transfer rules

Planning to retire?

IF YOU'RE PLANNING TO RETIRE WITHIN THE NEXT YEAR, please review the following instructions to make your transition into retirement as smooth as possible.

Six months prior to retirement

- Request an *Application for an Estimate of Benefits* (Form 9, Form 10 for State troopers, Form 97 for law enforcement officers).
- Apply to purchase any eligible service by filing a *Request to Purchase Previous Service* (Form 26).
- Apply for any eligible military credit by submitting a *Claim of Retirement Credit for Military Service* (Form 43).
- If desired, schedule an appointment with a retirement benefits specialist to review your estimated benefits. Bring your latest estimate to this meeting.
- Contact your personnel office to inquire if you may continue health insurance during retirement.
- Obtain proof of birth for your beneficiary(ies) if considering Option 2, 3, 5 or 6.

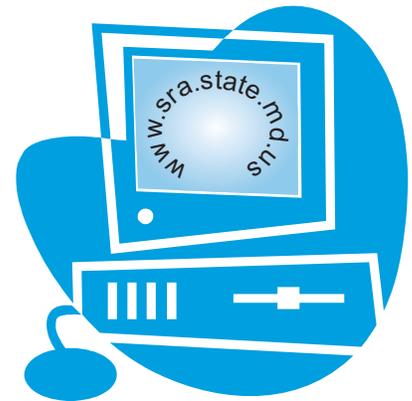
See *Planning*, page 3

Retirement benefits handbooks are as near as your computer

WHETHER YOU'RE A STATE OR MUNICIPAL EMPLOYEE, teacher, correctional officer, State trooper, or law enforcement officer, a detailed handbook on your pension plan is available online at the State Retirement Agency of Maryland's Internet Web site.

And, unlike the paper handbook that you may have received when you first enrolled, all of the online handbooks include the latest legislative changes to your plan.

You can access your benefits handbook online at www.sra.state.md.us. From the homepage, click on **Members** and then **Benefits Handbooks**. Select your system of membership and follow the on-screen instructions to access your handbook. You can view the book on your monitor or print a hard copy to review later.



The first few pages of each handbook describe any recent legislative changes that affect your plan. These introductory pages serve as an update to the handbook.

Forgot the name of your plan? The name of your pension or retirement system is printed at the top of page two of your annual Personal Statement of Benefits.

Handy pamphlets also on Web

SEVERAL INFORMATIVE PAMPHLETS for members of the State Retirement and Pension System of Maryland also are available at www.sra.state.md.us.

Simply click on **Members** and then **Members main page** from the drop-down menu. Then, click on **Pamphlets** to access a menu

of printable brochures. The following titles can assist you with a range of retirement issues.

Welcome to the Pension System

This concise overview of benefits is a must-read for new members of the Employees' and Teachers' Pension Systems.

See *Pamphlets*, page 3

Declining markets yield negative year for investment fund

Downturn follows four years of positive returns

LARGELY DUE TO THE DECLINE IN THE DOMESTIC HOUSING MARKET AND ITS EFFECTS SPREADING TO THE INTERNATIONAL MARKETS, the System's investment portfolio witnessed an overall negative return of 5.4% in fiscal year 2008. The loss follows four straight years of very strong, positive returns and is only the third time in the past 20 years that a negative one-year return has been experienced.

This is a summary of the System's activities for the year ending June 30, 2008. For more detailed information, the System's Comprehensive Annual Financial Report is available online at www.sra.state.md.us.

SYSTEM FINANCES

The System is responsible for properly administering retirement, disability, and death benefits for its members and retirees. The System's overall funding objective is to accumulate sufficient assets over time to meet its long-term benefit obligations as they become due.

REVENUES

Employer Contributions	
2008	\$1.05 billion
2007	\$834 million
Employee Contributions	
2008	\$420 million
2007	\$319 million
Net Investment Income	
2008	(\$2.1 billion)
2007	\$5.9 billion



Revenues

During fiscal year 2008, investment losses were \$2.1 billion, while revenues from employer and member contributions were \$1.05 billion and \$420 million, respectively. For fiscal year 2008, member contribution rates increased from 3% to 4%, while employer rates varied depending on the system.

Expenses

The System disbursed \$2.12 billion as retirement allowances to members and beneficiaries in fiscal year 2008. An additional \$16 million was

EXPENSES

Benefit Payments	
2008	\$2.12 billion
2007	\$1.97 billion
Refunds	
2008	\$16 million
2007	\$16 million

paid to members and withdrawing employers as a result of employment terminations and withdrawals from the System. Expenses for management of the investment portfolio totaled \$166.4 million. Of this figure, \$93 million was paid for asset management fees. The cost for administration of the System was \$23.1 million.

Funded Status

As of June 30, 2008, the System's actuarial accrued liability was \$50.2 billion. With the actuarial value of assets accumulated to pay the liability at \$39.5 billion, the System now stands at 78.62% funded.

In considering the System's overall funded status, it is important to remember that a retirement system's funding plan is based on a long time horizon, in which fluctuations in the market are expected.

See *Declining markets*, page 3

Pamphlets, continued from page 1

Choosing a Retirement Option

This valuable leaflet provides a clear explanation of each payment option available to members at retirement. Two versions of this pamphlet are available, so be sure to select the one that corresponds to your system of membership.

Retirement Checklist

For members planning to retire, this pamphlet shows the best time to begin filing the required forms and making the necessary contacts with the State Retirement Agency.

Guide to Disability Retirement

If you think you may be eligible to apply for disability retirement, review this pamphlet for eligibility criteria and filing procedures.

Guide to Military Service

Your current or past service in the military or Maryland National Guard may entitle you to apply for additional retirement credit. This pamphlet tells you how to apply.

Planning, continued from page 1

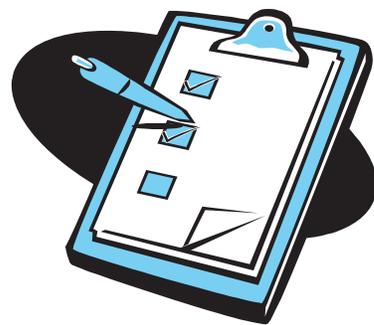
Two months prior to retirement

- Contact your personnel office and file your *Application for Service or Disability Retirement* (Form 13-23, Form 14-24 for State troopers, Form 98-101 for law enforcement officers).

Choose your payment option carefully! The option you select will determine

whether your spouse or other beneficiaries will be eligible for benefits after your death.

- If eligible, complete forms to continue your health insurance and any other employer-provided benefits.
- File a *Direct Deposit Electronic Fund Transfer Sign-Up* (Form 85) to facilitate payment of your monthly benefit.



- Sign and submit *Reemployment After Retirement* (Form 127, Form 128 for State troopers, Form 131 for law enforcement officers) to acknowledge an understanding of the consequences of returning to work.
- File a *Federal and Maryland State Tax Withholding Request* (Form 766).

Before retiring

- Submit a notice of retirement to your employer in accordance with any applicable policies.

For more information, please contact a retirement benefits specialist at 410-625-5555 or 1-800-492-5909.

Declining markets, continued from page 2

Despite the recent economic events and market volatility, the System is financially sound and committed to its long term funding goals.

INVESTMENTS

Fiscal year 2008 is best characterized by the significant losses in the equity markets, and to a lesser degree, the real estate market. Consequently, the System's total assets under management decreased from \$39.4 billion to \$36.6 billion.

Annualized returns for the three, five, and 10-year periods ending June 30, 2008 were 7.1%, 9.3% and 5.0%, respectively. The

System's total equity investments returned -10.9%, with domestic equities returning -14.0% and international equities returning -6.5%. The System's fixed income investments returned 6.2% and real estate returned -2.9%.

Looking forward to fiscal year 2009, the Agency will continue to implement the asset allocation adopted this year by the Board of Trustees. We believe that this asset allocation is well-diversified and likely to produce solid returns over the long term.

MEMBERSHIP

The System's rolls included 199,255 active members as of June 30,

2008, an increase of 2,993 members from the previous year. The System also served 112,422 retirees and beneficiaries at the end of fiscal year 2008, an increase of 4,067 over the previous year. During fiscal year 2008, the number of former members who are eligible for a future benefit (i.e., vested members) decreased by 232 to a total of 51,795.

FOR MORE INFORMATION ...

The System's Comprehensive Annual Financial Report for fiscal year 2008 is available in its entirety online at www.sra.state.md.us.

Changing jobs? Don't forget to transfer your retirement credit

IF YOU RECENTLY CHANGED JOBS

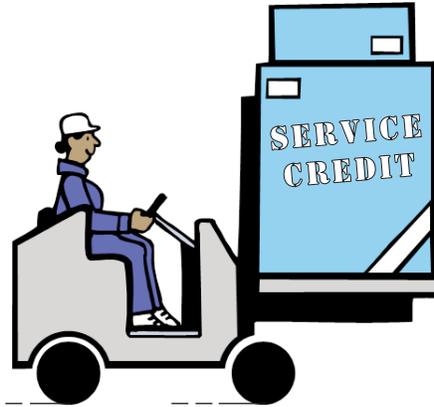
and retirement or pension systems, you may be eligible to transfer the service credit that you earned in the former system into your new retirement or pension account. To qualify for the transfer of service credit, your employment must be continuous and you must apply to transfer the qualified credit within one year of becoming a member of your new system. Under these rules, continuous employment means that you changed jobs without incurring a break in employment.

It is important to remember that any transfer of service credit must be done within one year after becoming a member of your new system. Under limited circumstances, this one-year time limit may be waived, as follows:

- A waiver may be granted if you submit your transfer application in a timely manner but your employer fails to surrender your member contributions and interest to the State Retirement Agency.

or

- You may request a waiver from the filing deadline if you fail to submit your transfer application in a timely manner due solely to:
 - 1) misinformation from or mis-



handling by your employer or 2) your own physical or mental incapacity. Such a request must be made within four years of joining your new system or, if you became eligible to transfer prior to July 1, 2007, the request must be submitted on or before June 30, 2011. Draft regulations are available on the **Members main page** at www.sra.state.md.us.

The rules of your new system determine the amount of employee contributions with interest needed to accompany the transfer of service. If you do not pay these funds, a contribution deficiency will be placed on your account. At retirement, any deficient funds and accrued interest owed to the system will result in an actuarial reduction of your monthly benefit.

Two general types of credit transfers are possible. A member may be eligible to transfer service credit from:

1. one State Retirement and Pension System (SRPS) plan to a new SRPS plan. An example would be a correctional officer, with membership in the Correctional Officers' Retirement System, who accepts a position as a law enforcement officer and joins the Law Enforcement Officers' Pension System. To transfer credit within SRPS, you must submit a *Request to Transfer* (Form 37).
2. a retirement or pension system operated under the laws of any political subdivision of Maryland to an SRPS plan. An example would be a Baltimore City employee, with membership in Baltimore City's retirement plan, who becomes a state employee and joins the Employees' Pension System. To transfer credit earned with a non-SRPS plan, submit a *Request to Purchase Previous Service* (Form 26).

For more information on eligible service transfers, contact a retirement benefits specialist at 410-625-5555 or toll free at 1-800-492-5909.

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The State Retirement Agency
120 East Baltimore Street
Baltimore, MD 21202-6700
410-625-5555
1-800-492-5909
TDD/TTY 410-625-5535
www.sra.state.md.us

EDITOR: Benjamin Robb

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