

THE Mentor

News from the Maryland State Retirement and Pension System

WINTER 2010
VOL. 32 NO. 1



MARYLAND
STATE RETIREMENT
and PENSION SYSTEM



www.census.state.md.us



Pre-retirement seminars planned for spring

IF YOU'RE A MEMBER OF THE MARYLAND STATE RETIREMENT AND PENSION SYSTEM within eight years of retirement, make plans now to attend a free Pre-Retirement Seminar offered by the Maryland State Retirement Agency.

A new season of information-packed seminars will kick off this spring, with sessions scheduled from Western Maryland to the Eastern Shore. These day-long events provide participants with a detailed explanation of the retirement process. Topics include state pension benefits, legal issues, Social Security, financial planning and enjoying retirement.

Registration forms are available from your Retirement Coordinator and on the Internet at www.sra.state.md.us.

Trustee election slated for State Police Retirement System

ACTIVE MEMBERS AND RETIREES OF THE STATE POLICE RETIREMENT SYSTEM will elect a representative to the Board of Trustees of the Maryland State Retirement and Pension System in an election slated for spring/summer 2010.

Candidates for this Board seat must be active members or retirees of the State Police Retirement System. The term of office for the successful candidate will be August 1, 2010 through July 31, 2014.

The Board of Trustees is charged with the fiduciary responsibility for properly administering the retirement and pension allowances of more than 116,000 retirees and beneficiaries as well as the future benefits for more than 251,570 active members.

Because the Board plays such an important role in the stewardship of the System, it is important for eligible members and retirees to exercise their right to vote in trustee elections. Your vote counts.



Voting will be conducted via telephone and Internet. Prior to the election, eligible voters will receive voting instructions and a personal identification number (PIN) by mail. The PIN provides access to their choice of either the interactive voice response (IVR) phone line or the secure election Web site.

The name of the successful candidate will be announced in a future edition of *The Mentor* and posted on the State Retirement Agency Web site.

For more information on the Board of Trustees, including member biographies, photos and committee assignments, log on to www.sra.state.md.us and click on **About SRA.**



New Web site coming soon!

A redesigned Web site will soon be launched by the Maryland State Retirement Agency. The new site will have a contemporary look with simplified navigation, easy-to-read information and useful features.

www.sra.state.md.us

Investment fund weathers market downturn, enters fiscal year 2010 with growth

THE GLOBAL ECONOMIC CRISIS IN FISCAL YEAR

2009 had a devastating impact on capital markets worldwide. As a result, the Maryland State Retirement and Pension System's investment portfolio experienced an overall negative return of 20%.

Rebounding from this market downturn, the System's investment fund has witnessed notable growth in the first half of fiscal year 2010. During this period, the System achieved a total return of 16.2%, with the System's domestic and international equities returning 22.9% and 25.0%, respectively.

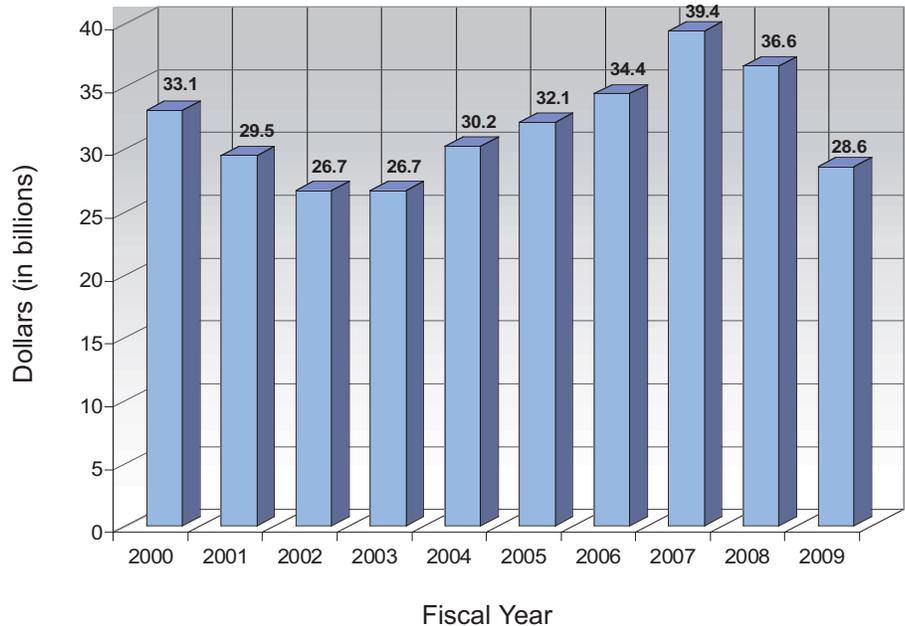
Despite fiscal year 2009's economic tumult, the System's Terra Maria small manager program continued to deliver strong performance. Transformed from an emerging manager program last year, this program has been recognized for its innovative approach to diversifying the base of investment managers utilized by the System.

The following is a summary of the System's activities for the year ending June 30, 2009. For more detailed information, the System's comprehensive annual financial report is available online at www.sra.state.md.us.

Revenues

Employer Contributions	
2009	\$1.1 billion
2008	\$1.0 billion
Employee Contributions	
2009	\$532 million
2008	\$420 million
Net Investment Income	
2009	(\$7.4 billion)
2008	(\$2.1 billion)

TEN-YEAR GROWTH OF INVESTMENT PORTFOLIO



System finances: Revenues and expenses

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.

During fiscal year 2009, investment losses were \$7.4 billion, while revenues from employer and member contributions were \$1.1 billion

Expenses

Benefit Payments	
2009	\$2.2 billion
2008	\$2.1 billion
Refunds	
2009	\$22.3 million
2008	\$16 million

and \$532 million, respectively. For fiscal year 2009, member contribution rates increased from 4% to 5%, while employer rates varied depending on the plan.

The System disbursed \$2.27 billion as retirement allowances to members and beneficiaries in fiscal year 2009. An additional \$22.3 million was paid as refunds to members withdrawing from the System. Expenses for management of the investment portfolio totaled \$128.9 million. Of this figure, \$113.0 million was paid for asset management fees. The cost for administration of the System was \$27.4 million.

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

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Investment fund, continued from page 2

Investments and funded status

The past fiscal year was characterized by the near collapse of the global capital and financial markets, followed by a worldwide recession. As a result, the market value of assets declined from \$36.6 billion on June 30, 2008 to \$28.6 billion on June 30, 2009.

Annualized returns for the three, five, and 10-year year periods ending June 30, 2009 were -3.8%, 1.5% and 1.9%, respectively. The System's total equity investments returned -28.3%, with domestic equities returning -26.3% and international equities returning -31.4%. The System's fixed income investments returned 4.0% and real estate returned -31.6%.

As of June 30, 2009, the System's actuarial accrued liability

was \$52.7 billion. With the actuarial value of assets accumulated to pay the liability at \$34.2 billion, the System now stands at 65% funded. In analyzing the System's overall funded status, it is important to remember that a retirement system's funding plan is based on a long time investment horizon, in which fluctuations in the market are expected.

The new fiscal year has yielded positive investment results. During the first half of fiscal year 2010, the System realized total equity growth of 24.0%. Fixed income investments returned 7.6% during this period and real estate holdings returned 3.2%. Looking forward, we believe that our asset allocation is well-diversified and likely to produce solid returns over the long term.

Membership

The System's rolls included 199,705 active members as of June 30, 2009, an increase of 450 from the previous year. The System also served 116,007 retirees and beneficiaries, an increase of 3,585 over the previous year. During fiscal year 2009, the number of former members who are eligible for a future benefit (i.e., vested members) increased by 71 to a total of 51,866.

For more information...

The System's comprehensive annual financial report for fiscal year 2009 is available in its entirety online. Visit the Maryland State Retirement Agency Web site at www.sra.state.md.us to access a printable version of the report.

Leaving employment? Don't forget about your retirement account

IF YOU LEAVE EMPLOYMENT, don't forget about your retirement account. Even though you may not be ready to retire, you may be entitled to a benefit now or in the future. Several important considerations for members leaving employment are reviewed in the following list of frequently asked questions. Pertinent forms are available online or through your personnel office.

Q If I am no longer working, can I retire with full benefits?

A You may be eligible for service retirement (retirement with full

benefits) if you meet the following general criteria:

- **Employees' and Teachers' Pension System** - Age 62 with at least five years of service credit or 30 years of retirement credit
- **Employees' and Teachers' Retirement System** - Age 60 or 30 years of service credit
- **Correctional Officers' Retirement System** - Age 55 for a correctional officer I-VI and age 60 for a maximum security attendant at Clifton T. Perkins Hospital Center. A correctional officer or maximum

security attendant of any age may retire with 20 years of service credit, provided that the last five years have been in a position as an eligible correctional officer or security attendant; a detention center officer employed by a participating governmental unit; a correctional dietary, maintenance, laundry or supply officer; a Maryland Correctional Enterprises officer, officer trainee, plant supervisor, plant manager, or regional manager; or a combination of these positions.

See Leaving employment, page 4

- **State Police Retirement System** - Age 50 or 22 years of service credit
- **Law Enforcement Officers' Pension System (LEOPS)** - Age 50 or 25 years of service credit

How to Apply: Complete and submit to the Retirement Agency an application for an estimate of benefits (usually Form 9) followed by an application to retire (usually Form 13-23.) State Police members should submit Forms 10 and 14-24, respectively. LEOPS members use Forms 97 and 98-101. It is recommended that you obtain an estimate of benefits before submitting a retirement application.

Q. What about collecting an early retirement benefit?

A. You are eligible for a reduced early retirement benefit if you meet the following eligibility requirements:

- **Employees' and Teachers' Pension System** - Age 55 with at least 15 years of eligibility service credit
- **Employees' and Teachers' Retirement System** - 25 years of service credit regardless of age
- **Correctional Officers' Retirement System** - No early retirement provision (except for eligible former Baltimore City Jail employees)
- **State Police Retirement System** - No early retirement provision
- **LEOPS** - No early retirement provision

How to Apply: Complete and submit to the Retirement Agency an application for an estimate of bene-

fits (usually Form 9) followed by an application to retire (usually Form 13-23.) State Police members should submit Forms 10 and 14-24, respectively. LEOPS members use Forms 97 and 98-101. It is recommended that you obtain an estimate of benefits before submitting a retirement application.

Q. Am I vested? What does it mean to be vested?

A. Upon earning five years of eligibility service credit, a member becomes *vested*, meaning that he or she is eligible for a future benefit. As an active member, you should be aware that your retirement benefit is protected if you leave employment for any reason and are vested. You may elect to retire early with a reduced benefit or wait to receive your vested allowance when you reach the normal retirement age for your System, as follows:

- **Employees' and Teachers' Pension System** - Age 62
- **Employees' and Teachers' Retirement System** - Age 60
- **Correctional Officers' Retirement System** - Age 55 or 60 depending on assignment
- **State Police Retirement System** - Age 50
- **LEOPS** - Age 50

How to Apply: To apply for a vested benefit, follow the instructions for service or early retirement described in this article. In the meantime, keep the Retirement



Agency apprised of any address changes so information concerning your benefits will reach you.

Q. Should I withdraw my accumulated contributions?

A. Non-vested former members, especially those who no longer reside in Maryland or are otherwise unlikely to rejoin the Maryland State Retirement and Pension System, should withdraw their contributions. A withdrawal will result in a loss of future benefits, including disability benefits even if you have already filed a claim. Members are advised to consider their circumstances and/or speak to a Retirement Benefits Specialist if they have any questions before submitting a withdrawal application (Form 5 packet).

Q. Can I apply my unused sick leave days to my retirement account?

A. You may receive service credit for unused sick leave days *only* if you retire within 30 days of

See *Leaving employment*, page 5

Leaving employment, continued from page 4

terminating employment. Otherwise, you do not receive retirement credit for your unused sick leave. Unused sick leave cannot be used to *qualify* for a benefit.

Q. What happens if I'm reemployed?

A. If you **do not retire** and accept work with a participating employer (an employer that offers Maryland State Retirement and Pension System benefits), you will become a member of the applicable SRPS plan. The particular plan you join will be determined at that time based on your new position. If you are enrolled in a new plan, a transfer of your previous service credit may be possible under limited circumstances.

If you **do retire** and return to permanent employment with a participating employer, you will continue to receive your monthly retirement allowance, subject to the plan's earnings limitation, if applicable. If you exceed your earnings limitation, your retirement allowance will be reduced.

Q. Can I apply for disability benefits?

A. You may apply for a disability retirement benefit while you are off payroll provided you meet certain filing deadlines, as follows:

- **Teachers' Retirement System** - Within five years of leaving employment
- **All other systems** - Within four years of leaving employment

Applicants also must meet eligibility criteria for disability benefits:

- *You may be eligible to file for **ordinary** disability if you are:* Permanently and totally disabled after attaining a minimum of five years of service (becoming vested).
- *You may be eligible to file for **accidental** disability if you are:* Permanently and totally disabled as a direct result of an on-the-job accident that occurred within the last five years. (This five-year filing deadline does not apply for the State Police, Correctional Officers' and Law Enforcement Officers' Systems.) There is no service requirement.

How to Apply: Complete and submit to the State Retirement Agency a *Statement of Disability* (Form 20), a *Preliminary Application for Disability Retirement* (Form 129), an *Application for an Estimate of Disability Retirement Allowances* (Form 21A, Form 22 for State Police, Form 100 for LEOPS), your job description, pertinent medical records and, for accidental disability claims, your employer's first report of injury.

Q. How can I get information about my retirement account?

A. Your Personal Statement of Benefits is a good place to start. Distributed annually to members active on June 30, it includes

the name of your retirement plan, the number of months credited to your account and your estimated accrued benefit. If you are not an active employee, you may request a statement of your account balance.

OR

Call the Retirement Agency at 410-625-5555 or toll-free at 1-800-492-5909 to access the Maryland State Retirement Agency's automated phone system or to talk to a retirement benefits specialist.

OR

E-mail the Retirement Agency at sra@sra.state.md.us

OR

If you are going to be in Central Maryland, visit our offices in Baltimore, 120 East Baltimore Street, 14th floor. Appointments are recommended, but not necessary.

Regional counseling available now

CALL NOW to schedule a counseling session with a Maryland State Retirement Agency benefits specialist visiting your area. Our specialists travel regularly throughout Maryland to assist members planning for retirement. Check the Maryland State Retirement Agency Web site at www.sra.state.md.us for locations and dates.

The Mentor is published by
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TDD/TTY 410-625-5535
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