



MARYLAND
STATE RETIREMENT
and PENSION SYSTEM

Governor taps Robert R. Hagans for SRPS Board

*AARP executive will
replace retiring
Robert W. Schaefer*

GOVERNOR MARTIN
O'MALLEY IN NOVEMBER
ANNOUNCED THE APPOINT-
MENT OF ROBERT R.

HAGANS, JR. to the Board of
Trustees for the Maryland State
Retirement
and Pension
System. He
will assume
the trustee
position previ-
ously held by
Robert W.
Schaefer.



Robert R. Hagans, Jr.

"I am
pleased to
announce
Robert's
appointment to the Maryland State
Retirement and Pension System
Board," said Governor O'Malley.
"His steadfast belief in fiscal stew-
ardship and years of expertise in
financial management will serve us
well as we work together to develop
a more sustainable and effective sys-
tem for all state employees."

See Hagans, page 4

Investing in your future

A message from Chief Investment Officer A. Melissa Moye

THE MARYLAND STATE RETIREMENT
AND PENSION SYSTEM IS MANAGED TO
PRODUCE long-term investment returns to fund
retiree benefits for many decades to come. Despite
the peaks and valleys of the financial markets in
recent years, the gross return of the system over
the last 25 years is 8.6%, a healthy result.

Today as I write the market is rebounding on
confidence that the holidays will bring strong retail
sales in the U.S. While our portfolio managers will
take a view on retail sales for the season, the
investment horizon of the overall retirement system
is much longer term.

Each year, the board of trustees reviews the allocation of the total
fund among the various asset classes (e.g., public equity, fixed income,
credit/debt strategies, alternatives and cash) and makes any adjustments
judged necessary for optimal fund performance. For example, over the
last few years, the board has reduced the target allocation to public equity
while increasing allocations to private equity and credit/debt strategies.

The Maryland State Retirement Agency's Investment Division employs
20 qualified professionals to oversee the day-to-day investment of the widely
diversified portfolio by over 200 external money managers including T. Rowe
Price, State Street Global Advisors, PIMCO, Goldman Sachs, Earnest
Partners, Pyramis Global Investors and BlackRock Investment Management.

The combined results of these efforts are reported each quarter on our
website. Simply click on **Agency** then, under **Investments**, click **Reports
and Updates**. It is the job of the Baltimore-based SRA Investment Division
to invest prudently for your retirement and ours. I am proud to lead a group
of investment and accounting professionals dedicated to long-term retire-
ment security for all of the members of the retirement system.



A. Melissa Moye

Are your beneficiary designations up to date?

SINCE YOU ENROLLED IN THE MARYLAND STATE RETIREMENT AND PENSION SYSTEM, have you experienced a marriage, a divorce, a birth or the death of a loved one? If so, you may wish to update your beneficiary designation on file with the retirement agency. If you don't, and you die during membership, your loved ones may receive an unpleasant surprise at an already stressful time.

Lisa's Story

Consider Lisa. She was married to Michael (not their real names), a hard-working Maryland state employee with 20 years of service in the Employees' Pension System. After a sudden illness, Michael died. When Lisa called the retirement agency to report her husband's death, she was shocked to learn that she was not his designated beneficiary on file. Sadly, Lisa's husband had forgotten to update his beneficiary designation with the retirement agency after his previous marriage ended.



Because of this, his current wife Lisa was not entitled to receive any monetary benefit from Michael's account. By law, the payment went to Michael's beneficiary on file, his ex-wife.

Your designated beneficiary may be eligible for benefits upon your death

THE MARYLAND STATE RETIREMENT AND PENSION SYSTEM, along with providing retirement security, also affords your beneficiaries with a lump sum payment if you die while an active member or while on a retirement agency approved leave of absence. For most plans, after one year of eligibility service, your annual salary plus your accumulated contributions are paid to your surviving beneficiaries.

Except where specific plans provide automatic spouse/child coverage, in place of the lump sum survivor benefits, a monthly lifetime benefit may be paid to the surviving spouse if the following conditions are met:

- The member must have named his or her spouse as the sole primary beneficiary and
- The member must have either been eligible to retire, been at least age 55 with 15 years of eligibility service, or had at least 25 years of eligibility service at the time of death.

To change your beneficiary designation, submit a new *Designation of Beneficiary* (Form 4) with the retirement agency. This form is available online at sra.maryland.gov, from your employer's personnel department or by calling the retirement agency.

Why is my beneficiary designation important?

You designated your beneficiary(ies) when you enrolled in the system. By keeping your beneficiary designation

up to date throughout your career, you identify the person(s) who you wish to receive any eligible benefits if you die during membership.

Beneficiary FAQ's

Q. Who is my beneficiary on file?

A. Your Personal Statement of Benefits, mailed to your home earlier this fall, lists your beneficiaries on file with the agency. You also may con-

See *Up to date*, page 4

See *Benefits*, page 4

Retirement checklist

MEMBERS PLANNING TO RETIRE within the next 12 months should now be taking specific steps toward that goal. The checklist printed below provides a general timetable for retirement preparation for members of the Employees' and Teachers' Retirement and Pension Systems. But it is also a useful guide for members of other systems.

One to three years prior to retirement

- ❑ Attend one of the Maryland State Retirement Agency's pre-retirement seminars. Registration forms are available online. Seminars are conducted in the spring and fall.

Twelve months prior to retirement

- ❑ Request an *Application for an Estimate of Benefits* (Form 9). Keep in mind that this form is not a retirement application. It is designed for planning purposes only. You may request an estimate only during the 12 months prior to your planned retirement date.

Note: You are not required to obtain an estimate before retiring. However, it is strongly recommended, as retirees are not permitted to change their option after their first monthly benefit is paid.

- ❑ Apply to purchase any eligible service by submitting a *Request to Purchase Previous Service* (Form 26) along with your request for an estimate.
- ❑ Apply for any eligible military credit using a *Claim of Retirement Credit for Military Service* (Form 43).
- ❑ Contact the nearest Social Security office for an estimate of your Social Security benefits. You can obtain an estimate request form by calling the Social Security Administration at 1-800-772-1213.

Six months prior to retirement

- ❑ If desired, schedule an appointment with a retirement benefits specialist to review your estimated benefits. It is recommended that you bring a copy of your latest estimate so you and the specialist can discuss this information at the meeting.

- ❑ Discuss your estimated benefits and options with your family and financial advisor.
- ❑ Obtain proof of birth for beneficiary (for allowance Option 2, 3, 5 or 6).
- ❑ Contact your personnel office to inquire if you may continue employer-provided benefits, such as health insurance, after retiring.
- ❑ Prepare a retirement budget, estimating your retirement expenses against your state pension benefit, Social Security and any other income.

- ❑ Update or prepare a will and, if desired, a power of attorney.

Three months prior to retirement

- ❑ Contact Social Security to file for benefits (if age 62 or older).

Two months prior to retirement

- ❑ Contact your personnel office and file your actual retirement application, *Application for Service or Disability Retirement* (Form 13-23).
- ❑ Provide proof of birth for designated beneficiary (for allowance Option 2, 3, 5 or 6).



- ❑ If eligible, complete authorization forms to continue your health coverage and any other benefits provided by your employer.
 - ❑ Complete and submit a *Direct Deposit Electronic Fund Transfer Sign-Up* (Form 85) for the electronic transmission of your payment to your bank, savings institution or credit union.
- Note:** Direct deposit is mandatory for all retirees.
- ❑ Complete *Reemployment After Retirement* (Form 127) to acknowledge an understanding of any consequences of reentering the workforce.
 - ❑ Complete a *Federal and Maryland State Tax Withholding Request* (Form 766).

One month prior to retirement

- ❑ Submit a formal letter of retirement to your employer.

Benefits, from page 2

Continuing monthly payments also may be available for the designated beneficiary of a member who is killed in the performance of his or her job.

A surviving spouse who is eligible to receive a monthly lifetime

benefit also may be entitled to continuing health insurance coverage. If your spouse is not named as the sole surviving primary beneficiary, only a lump sum benefit is payable.

To change your beneficiary designation, submit a new *Designation*

of Beneficiary (Form 4) with the retirement agency. This form is available online at sra.maryland.gov, from your employer's personnel department or by calling the retirement agency.

Up to date, from page 2

firm your beneficiary designation using the retirement agency's automated phone system. Simply dial 410-625-5555 or toll-free 1-800-492-5909. Members using TDD/TTY should call 410-625-5535.

Q. I notified my employer's personnel office of my new dependents. Is that enough?

A. No. You must notify the retirement agency by submitting a properly executed Form 4. Your new designation goes into effect when it is received by the retirement agency. Benefits will be paid according to the most recent Form 4 on file with the retirement agency.

Q. Must my beneficiary be a person?

A. No. While most members designate a person or persons, benefits also may be paid to your estate or to an organization such as a charity. Under certain police and judicial plans, members are required to designate their spouse as beneficiary.

Hagans, from page 1

Since 2001, Mr. Hagans has served as chief financial officer for the American Association of Retired Persons (AARP). In this position he provides strategic guidance and expertise in all areas of AARP's financial management, strategy implementation and policy formulation, in addition to AARP's environmental and physical resources.

Mr. Hagans also has over 30 years of work experience in nonprofits and financial management. Prior to joining AARP, he served as director of finance for Prince George's County Government, where he was responsible for the management of the \$1.7 billion in cash flow of county funds and the \$780 million debt management program. Hagans also served as assistant vice president for Asset Management and Treasury Operations at Howard University and served on the Prince George's County Police and Fire Service Pension Plans Board of Trustees and the Prince George's County Risk Management Committee.

He currently serves as treasurer and trustee on the Board of Directors of Industrial Bank and chairs the Finance Committee of the Board of the Boys and Girls Club of Greater Washington. Hagans is a member of the Executive Leadership Council and a member and mentor of the 100 Black Men of Greater Washington, DC. He is a resident of Mitchellville, MD.

On the board of trustees, Mr. Hagans will replace Robert W. Schaefer, who retired from the board in November after four and a half years of service. Mr. Schaefer, who chaired the board's investment committee, previously served for seven years as a public advisor to that committee.

"Robert W. Schaefer, through his investment insight, long experience in the financial services industry, integrity and diligent effort, contributed greatly to the mission of the system and earned the appreciation and respect of his fellow trustees and executive staff," stated Board Chairman and State Treasurer Nancy K. Kopp.

As investment committee chairman, Mr. Schaefer "provided steady guidance during one of the most volatile periods in the history of the financial markets," Chairman Kopp said.

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