

# THE Mentor

News from the Maryland State Retirement and Pension System

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MARYLAND  
STATE RETIREMENT  
and PENSION SYSTEM



## Election slated for Trooper rep

**ACTIVE AND RETIRED** members of the Maryland State Police Retirement System who wish to represent their fellow Troopers on the Board of Trustees of the Maryland State Retirement and Pension System may obtain nomination petitions September 1 through December 1, 2017.

Qualified nominees will compete in an election next spring, with the successful candidate serving a term in office August 1, 2018, through July 31, 2022.

The Board of Trustees is responsible for establishing investment and administrative policy and overseeing the management of the Maryland State Retirement Agency, which oversees retirement benefits for more than 345,000 active and retired teachers, state and municipal employees, correctional officers, law enforcement officers and Maryland State Police.

Incumbent State Police representative Richard E. Norman was elected to the Board in 2014.

To request nomination petitions, please call Megan Myers, Director of Special Projects, at 410-625-5608 or toll-free at 1-800-492-5909. Nominations must be returned by 4:30 p.m. on January 31, 2018.

## Your annual benefit statement to be mailed in September

**WHEN CAN I RETIRE?** How much will my monthly benefit be? And, exactly who did I name as my beneficiary when I enrolled in the Maryland State Retirement and Pension System way back when?

Answers to these questions and more are included in the Personal Statement of Benefits (PSB) mailed to your home in September. The statement provides a summary of your retirement account and projections of future benefits.

Frequently asked questions about the PSB are answered here.

**Q.** Where are my future retirement benefits shown?

**A.** Your estimated future retirement benefits can be found on page four of your PSB. Remember, the projected amounts shown are estimates only.

**Q.** How do I change beneficiaries?

**A.** To change beneficiaries, contact your personnel office or go to the Maryland State Retirement Agency website at [sra.maryland.gov](http://sra.maryland.gov) and obtain Form 4, *Designation of Beneficiary*.

To ensure your changes are made in a timely manner, especially in time-sensitive situations such as a

member's terminal illness, file your completed Form 4 directly with the Retirement Agency. The form is not valid unless received by the Retirement Agency.

It is vital to keep beneficiary choices up to date, because when a member dies during active membership, survivor benefits are paid to the most-recently designated beneficiaries on file with the Retirement Agency.

See Statement, page 5

### Reprint your benefit statement online!



**FOR YOUR CONVENIENCE**, you may access and print your Personal Statement of Benefits from the Maryland State Retirement Agency website. Simply go to [sra.maryland.gov](http://sra.maryland.gov), click on **Personal Statement of Benefits (PSB)** and follow the instructions provided.

[sra.maryland.gov](http://sra.maryland.gov)

## Legislative update

### Membership modified for CORS, higher ed. employees

**LEGISLATION TO EXTEND MEMBERSHIP** in the Correctional Officers' Retirement System to certain public safety employees was among the pension-related bills enacted this year by the Maryland General Assembly.

**Senate Bill 664** broadens membership in CORS to include employees of the Department of Public Safety and Correctional Services who are employed in the following positions:

- Alcohol and drug associate counselor, counselor lead, counselor provisional, or counselor supervisor;
- Alcohol and drug professional counselor, counselor provisional, or counselor supervisor;
- Alcohol and drug supervised counselor or counselor provisional;
- Mental health professional counselor, graduate professional counselor, professional counselor advanced, or professional counselor supervisor;
- Psychologist, psychology associate, or psychology associate doctorate;
- Social worker, social worker advanced, social worker supervisor, or social work regional supervisor; or
- Recreation officer or supervisor.

All current and new employees in these positions will be enrolled in CORS. The legislation was effective July 1, 2017.

**House Bill 1081/Senate Bill 650** also expands CORS membership for correctional employees. Through this legislation, parole and



Among the bills signed into law by Governor Lawrence J. Hogan, Jr., this spring were Senate Bill 664, House Bill 1081 and Senate Bill 650, which expand membership in the Correctional Officers' Retirement System. Pictured flanking Gov. Hogan at the bill signing ceremony are Senate President Thomas V. Mike Miller, Jr., left, and House Speaker Michael Busch. Pictured standing, from left, are bill sponsors Sen. Guy J. Guzzone, Senate Chair of the Joint Committee on Pensions, Del. Michael Jackson, and Sen. George C. Edwards. Photo courtesy of the Executive Office of the Governor.

### Legislation extends survivor benefits for members' disabled, adult children

**MEMBERS** of the Maryland State Retirement and Pension System will be able to provide additional benefits after their death to their surviving children thanks to legislation enacted in Annapolis earlier this year.

**House Bill 1122/Senate Bill 913** extends the duration of active death benefit payments to surviving non-disabled children. Upon the death of an eligible member, these children will receive monthly death benefit payments until reaching age 26.

The legislation also extends death benefits to surviving disabled

children for as long as the children remain disabled.

#### Filing for survivor benefits

Let your family or other loved ones know that they should contact the Maryland State Retirement Agency in the event of your death. Or, if you prefer, make sure to include a copy of your Personal Statement of Benefits with other important paperwork, such as life insurance information and your will, so that

See *Membership*, page 3

See *Survivor*, page 3

## Trustees conclude Board service

**THREE TRUSTEES** have ended their service on the Board of Trustees of the Maryland State Retirement and Pension System.

As part of the 15-member Board, James A. Bush, Jr., James “Chip” DiPaula and Kenneth B. Haines helped to establish investment and administrative policy and oversee management of the Maryland State Retirement Agency.

During his four years of Board service, Mr. Bush sat on the Investment Committee and was chairman of the Audit Committee. Mr. Haines, who served five years, was vice-chairman of the Corporate Govern-

nance Committee and a member of both the Administrative and Investment Committees. Both men concluded their terms in July.

Two-time Trustee James “Chip” DiPaula stepped down from the Board in August following 18 months of service. Mr. DiPaula, an appointee of Governor Lawrence J. Hogan, Jr., sat on the Administrative, Audit, Investment and Securities Litigation Committees. Mr. DiPaula previously served as an ex-officio member of the Board more than a decade ago in his role as Secretary of the Maryland Department of Budget and Management.

*Membership, from page 2*

probation agents, supervisors and regional administrators who are employed in positions that require them to work in state correctional facilities became members of CORS on July 1, 2017. All new employees in these positions will be enrolled in CORS.

### **New enrollment rules for college faculty, professional employees**

Legislation clarifying membership rules for higher education employees also was enacted this year. Previously, faculty or professional employees of the University of Maryland, Morgan State University, St. Mary’s College, the Maryland

Higher Education Commission or any community college had the option to join either the Teachers’ Pension System (TPS) or the Optional Retirement Plan within their first year of employment.

**House Bill 815/Senate Bill 401** stipulates that persons previously enrolled in the Maryland State Retirement and Pension System may not elect to enroll in the ORP. Effective July 1, 2017, new employees with no previous membership in one of the several systems may be offered an election to join either the ORP or the TPS, but the enrollment must occur at the commencement of employment.

*Survivor, from page 2*

they will know to contact the Retirement Agency.

The Retirement Agency will work cooperatively with your beneficiaries to pay the benefits due as quickly as possible. To authorize payment, the Retirement Agency may ask them to submit copies of their Social Security

card, picture identification and, in some cases, marriage license. Beneficiaries also must provide a certified, original death certificate.

You can be assured that the Retirement Agency will work step-by-step with your beneficiaries to ensure they receive the benefits they are due.

## Online videos a handy resource for pension info

**FUNNY CAT VIDEOS** may rack up more views, but for useful information about your retirement benefits, nothing beats the Maryland State Retirement Agency’s online video channels.

More than 20 videos dealing with topics like taking a leave of absence, applying for disability retirement, choosing a retirement option and leaving employment are available on both YouTube and Vimeo.

To access the videos, simply go to the Retirement Agency’s website at [sra.maryland.gov](http://sra.maryland.gov) and click on the YouTube or Vimeo logos in the bottom-left corner of the screen.

## Considering a leave of absence?

**BEFORE BEGINNING** an unpaid leave of absence granted by your employer, be sure to first submit a *Qualified Leave of Absence Request* OR *Notification of Military Service Entry* (Form 46).

Qualified leave of absence status preserves the rights of your beneficiaries to valuable active employee death benefits in the event of your demise. It also preserves any right you may have to obtain credit for the leave period.

By law, the Retirement Agency recognizes leaves of absence *only* if taken for personal illness, birth or legal adoption, government sponsored and/or subsidized employment, or study.

# System earns 10.02% on investments in FY '17

**THE PORTFOLIO** of the Maryland State Retirement and Pension System returned 10.02% on investments for the fiscal year that ended June 30, 2017—exceeding the 7.55% assumed actuarial return rate and the plan’s policy benchmark of 9.90%. The fund’s performance raised the assets of the System to \$49.1 billion, an increase of \$3.6 billion over last year.

In making the announcement, Chief Investment Officer Andrew C. Palmer said, “Stable and improving economic growth across the globe, along with stabilization in energy markets, supported significant growth in our equity and credit valuations over the past year. While these returns are welcome, as long-term investors, we expect some volatility in meeting the assumed rate of return, which has been and will continue to be our long-term expectation for the System.”

“The Board is pleased with the fund’s performance, thanks to the diligent oversight of the System’s Investment Division and to the prudently diversified asset allocation that they manage,” said State Treasurer Nancy K. Kopp, Chair of the Maryland State Retirement and Pension System Board of Trustees. “We certainly appreciate this year’s outcome, which keeps the System on track toward full funding and meeting our obligation to our members to pay them their pension benefits in full and on time.”

## Board reduces assumed rate

In other investment-related news, the Board of Trustees voted to reduce incrementally the System’s

actuarial assumed rate of return on its investments over the next two years from 7.55% to 7.45%. The Board approved the change at its July meeting and decided to reevaluate the rate in two years to determine if additional reductions will be necessary.

“The action taken by the Board is part of its overall strategy to increase the probability of achieving investment returns required to improve the health of the retirement System and meet its obligations to its members,” noted Treasurer Kopp. “Recognizing that both the inflation experience and expectations for future inflation remain lower than the rate currently assumed, the Board felt it reasonable to reduce the expected return accordingly.”

To develop its expectations for inflation, the Board considered market pricing for inflation protected bonds, inflation projections provided by a range of investment consultants and the most recent forecasts of the Board of Trustees for the Social Security Administration insurance trust funds.

Before making this change, the Board revised its asset allocation policy to enhance the expected return of the System’s assets. Further, it considered the ongoing work of the System’s Investment Division to improve the net return by reducing fees and other expenses of the System and



Maryland State Treasurer Nancy K. Kopp, Chair of the Maryland State Retirement and Pension System Board of Trustees, and Chief Investment Officer Andrew C. Palmer

## Performance by asset class

Asset Class	Allocation	Return
Public Equity	38.7%	19.0%
Private Equity	10.3%	16.4%
Rate Sensitive	21.0%	-2.11%
Credit	9.5%	10.0%
Real Assets	12.1%	4.7%
Absolute Return	7.2%	3.3%
Cash	1.2%	5.1%
Total	100.0%	10.02%

anticipated program changes to improve cost effectiveness through governance changes.

The Board last reduced the System’s assumed rate of return in 2013, when it decided to decrease it to 7.55% from 7.75% over a period of four years. The previous rate had been in effect since 2003.

Statement, from page 1

**Q.** Why do I have a "deficiency" under contributions?

**A.** When, for any reason, regular contributions into an individual's account are not made, the word "deficiency" appears. The deficiency equals the amount of the missing contribution, plus interest applied at the end of each fiscal year.

To repay a contribution deficiency, contact the Retirement Agency and request to be billed for this amount. Payment made before the end of the fiscal year carries no interest for that year. If a contribution deficiency exists when you retire, the benefit paid will be actuarially reduced.

**Q.** Why isn't early retirement listed?

**A.** The space under Early Service is left blank for members who reach regular service retirement age before earning the required years of service for early retirement, if applicable.

**Q.** Why isn't my military credit listed?

**A.** It's up to each eligible member to claim military service credit. Military service is not automatically credited to your account. File a Form 43, *Claim of Retirement Credit for Military Service*, to apply for military credit. If you serve in the U.S. Armed Forces or National Guard during your Maryland State Retirement and Pension System

membership, you may claim military credit immediately under certain conditions. If your military duty preceded SRPS membership, you must have 10 years of retirement credit before claiming military service.

**Q.** What is my Personal Identification Number (PIN)?

**A.** Your PIN is printed at the bottom of page one of your PSB. Generally, this number is a four digit code consisting of the month and year of your enrollment. For example, if you enrolled in September 1998, your PIN would be 0998. You can use your PIN and Social Security number to access your retirement account information at any time via the Retirement Agency's automated phone system.

**Q.** What about part-time employment?

**A.** Service credit may be overstated on the PSB if you worked part time during your membership. This is especially likely if you transferred from a Retirement System to a Pension System. The PSB assumes all future service as full time, so if you are working part time now, your benefits may be overstated.

**Q.** Do I need an estimate of retirement allowance since I have the PSB?

**A.** The PSB is not intended to serve as a substitute for an official estimate. There are other options for beneficiary coverage described in the

estimate that are not included on your PSB.

**Q.** At retirement, do I receive the vested, early and service benefits shown on the back of my PSB?

**A.** No. Vested, early and service retirement are different benefits. Your benefit is based on your age and years of service when you elect to retire.

**Q.** Why is my enrollment date later than my employment date?

**A.** Many employees' enrollment date is the first day of the month they started working. A later date may appear if you began work prior to the mid-1970's. Processing requirements at that time caused a one or two month delay between a member's first day on the job and the start of retirement contributions from the member's paycheck. In many cases, the service has been corrected in your account.

**Q.** What if I have other questions about my PSB?

**A.** If something on your PSB doesn't seem correct, note the discrepancy, send a photocopy of your statement and indicate how you arrived at your conclusion. Address your correspondence to: Maryland State Retirement and Pension System, 120 East Baltimore Street, Baltimore, Maryland 21202-6700.

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