MARYLAND
STATE RETIREMENT
and PENSION SYSTEM

Annual Comprehensive Financial Report

Maryland State Retirement and Pension System

A Component Unit of the State of Maryland
For the Years Ended June 30, 2025 and 2024

2025

MISSION STATEMENT

The Board of Trustees of the Maryland State Retirement and Pension System (System) is charged with the fiduciary responsibility for administering 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. To accomplish this mission the System has established the following key goals:

- To prudently invest 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.

- 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 future retirement.

- To accurately and timely pay retirement allowances provided by State pension law to the System's retirees and their beneficiaries.

- To implement an automated, comprehensive and integrated pension administration and electronic document management system.

- To efficiently collect the required employer and member contributions necessary to fund the System.

Annual Comprehensive Financial Report

Maryland State Retirement and Pension System

A Component Unit of the State of Maryland

For the Fiscal Years Ended June 30, 2025 and 2024

Prepared by Maryland State Retirement Agency's Finance Division
in coordination with staff from other divisions

Introductory Section:

Financial Section:

Investment Section:

Actuarial Section:

Statistical Section:

Plan Summary Section:

STATE RETIREMENT AGENCY
120 East Baltimore Street
Baltimore, MD 21202-6700

SRPS
MARYLAND STATE RETIREMENT and PENSION SYSTEM

410-625-5555 • 1-800-492-5909
TTY Users: call via Maryland Relay
sra.maryland.gov

December 8, 2025

Dear Members, Retirees and Beneficiaries:

On behalf of the Board of Trustees, we are pleased to present the Annual Comprehensive Financial Report of the Maryland State Retirement and Pension System for the fiscal year ending June 30, 2025. The contents of this report reflect the exceptional commitment and expertise of staff, whose daily efforts ensure the effective administration of benefits and the prudent management of the System's assets. During the fiscal year, the System issued approximately $430 million in average monthly payments to more than 177,000 retirees and beneficiaries, and this report provides a comprehensive overview of its financial status and operations.

The System generated a return of 9.83%, net of fees, for the fiscal year ended June 30, 2025, modestly outperforming its policy benchmark of 9.54% as well as the actuarial assumed rate of 6.80%. The fund's performance increased the System's assets to $73.6 billion, an increase of $5.4 billion over the prior fiscal year.

Public equity was the primary driver of investment results, led by international developed equity and global equity, which returned 18.2% and 17.8%, respectively, for the fiscal year. Performance in private equity and real assets was positive; however, both asset classes trailed their respective benchmarks amid continued market headwinds in those sectors. Because asset classes perform differently under various economic conditions, the Board has adopted a diversified mix of investments that is designed to achieve the actuarial assumed rate of return over time with an acceptable level of risk.

While the focus will typically be on investment returns, the Board recognizes that the management of risk is equally important in the investment of plan assets. History has shown that returns will vary from year to year, at times by wide margins. The Board has adopted investment policies designed to minimize the downside impact of such volatility on the value of System assets, while still capturing significant value when markets are strong.

Our Retirement System remains administratively and financially sound. As a participant in the System, you can remain confident that your pension benefits are secure. As always, your commitment to and involvement in the concerns of the System are greatly appreciated. We value your input—this is your System. If you have any questions, please do not hesitate to contact us.

Sincerely,

Dereck E. Davis
Chair

Brooke E. Lierman
Vice Chair

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120 East Baltimore Street
Baltimore, MD 21202-6700

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LETTER OF TRANSMITTAL

December 5, 2025

Dear Board of Trustees and Members of the Maryland State Retirement and Pension System:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Maryland State Retirement and Pension System (the System), a component unit of the State of Maryland, for the fiscal year ended June 30, 2025. This report provides complete and reliable information to support decision-making, ensure compliance with legal requirements, and demonstrate responsible stewardship of the System's assets.

Management is responsible for the accuracy, completeness, and fairness of the information contained in this report, including all accompanying disclosures. To the best of our knowledge, the information presented is accurate in all material respects and fairly portrays the System's financial position and results of operations for the fiscal year.

Overview of the System

The System is responsible for properly administering retirement, disability, and death benefits. At the same time, it strives to keep employer contribution rates as reasonable as possible by maximizing investment returns while maintaining an acceptable level of risk. Members covered by the System include state employees, teachers, law enforcement officers, legislators, judges, as well as local government employees and correctional personnel whose employers have elected to participate in the System.

The System provides monthly allowances to more than 177,000 retirees and beneficiaries and serves as a key component of future financial security for more than 208,000 active participating members. Descriptions of membership requirements and plan benefits are included in the Plan Summary section of this report.

Accounting System and Internal Control

This ACFR has been prepared in accordance with generally accepted accounting principles (GAAP) for governmental accounting and reporting, as promulgated by the Governmental Accounting Standards Board (GASB). The financial statements follow the accrual basis of accounting, under which revenues are recorded when earned and expenses when incurred. Investments are reported at fair value and transactions are recognized on a trade-date basis. Detailed accounting policies are presented in the Notes to the Financial Statements.

Management's Discussion and Analysis (MD&A), which follows the independent public accountants' report, provides a narrative overview and analysis of the basic financial statements and should be read in conjunction with this Letter of Transmittal.

The System maintains a comprehensive internal control structure designed to provide reasonable assurance regarding the safeguarding of assets, the reliability of accounting records, and the proper execution of transactions. These controls include written policies, procedures, and an internal audit division that reports directly to the Board of Trustees.

Financial Highlights

For fiscal year 2025, the System generated a net investment return of 9.83%, modestly outperforming its 9.54% policy benchmark After payment of benefits, the System's fiduciary net position increased by $5.3 billion, from $67.9 billion to $73.2 billion at June 30, 2025.

The System's long-term target strategic asset allocation is comprised of 34% public equities, 20% rate sensitive assets, 16% private equities, 9% credit/debt strategies, 15% real assets, and 6% absolute return. The System's portfolio is diversified across asset classes, geographies, and strategies and is structured to support long-term performance while mitigating short-term market volatility.

During fiscal year 2025, the System received $2.9 billion in employer contributions, $1.1 billion in member contributions, and earned $6.6 billion in net investment income. Benefit payments totaled $5.2 billion, while administrative and investment-related administrative expenses totaled $58 million.

Funding

The System's funding framework relies on contributions from members and employers and long-term investment earnings. Investment income has historically been the largest source of benefit funding. The accumulated assets dedicated to paying benefits are reported as "fiduciary net position restricted for pensions" in the Statement of Fiduciary Net Position in the Financial Section of this report. Actuarial accrued liability and the actuarial value of assets are detailed in the Schedule of Funding Progress in the Other Supplementary Information section.

The actuarial value of assets is calculated using a five-year smoothing method that recognizes investment gains or losses in excess of the actuarial assumed rate of return (6.80%) over five years. This value is used in determining employer contribution rates, as disclosed in Note 5 to the basic financial statements.

The actuarial accrued liability represents the present value of benefits earned to date by retirees, beneficiaries, and active members. The ratio of actuarial assets to actuarial liability, known as the funded ratio, provides a key measure of the System's long-term funding status. The funded ratio increased from 73.4% as of June 30, 2024, to 73.9% as of June 30, 2025. As of June 30, 2025, the System reported $73.8 billion in actuarial assets and $99.9 billion in actuarial liabilities, resulting in an unfunded actuarial accrued liability of $26.0 billion, which is being amortized over various closed periods.

Summary of Key Initiatives

In fiscal year 2025, the Agency strengthened its commitment to delivering a high-quality, member-focused experience for all participants of the Maryland State Retirement and Pension System. Several strategic initiatives were launched to improve responsiveness, expand access to services, and ensure that members and employers receive timely, accurate, and personalized support throughout every stage of their retirement journey.

A major initiative in fiscal year 2025 was the reorganization that elevated Member Services, formerly part of Benefits Administration, into a standalone division led by a newly appointed Member Services Administrator. Following this transition, the division implemented several service-delivery improvements. The call center Abandonment Rate dropped from 16.69% in fiscal year 2024 to 8.61% in fiscal year 2025, and Average Wait Times improved significantly, decreasing from 435 seconds to 142 seconds. Email and mySRPS inquiry response times also improved, falling from an average of 5–10 business days to just 1–3 business days.

Employer Services was also reorganized during fiscal year 2025, becoming part of the Member Services division to enhance employer engagement, outreach, and training. Counseling services saw substantial gains as well. With the introduction of virtual appointment options and reduced scheduling backlogs, the average wait time for a counseling appointment decreased from 12 weeks to fewer than 2 weeks. Beginning in January 2025, Member Services assumed full responsibility for planning and hosting retirement webinars and seminar events for State employees and participating government agencies. Since reintroducing these events in early 2025, the division has hosted 57 webinars and seminars, reaching more than 4,700 attendees as of November 2025.

Professional Services

To support the Board of Trustees in its fiduciary responsibilities, the System engages numerous external professionals. Actuarial services are provided by Gabriel, Roeder, Smith & Company, Southfield, Michigan. The financial records of the System are audited by SB & Company, LLC, Certified Public Accountants, under the contract with the State of Maryland. State Street Bank & Trust Company served as custodian and provided portfolio accounting services. Meketa Investment Group, Inc. served as the general investment consultant, with Hamilton Lane, Townsend Holdings, and Aksia, LLC providing specialized consulting for private equity, real estate, and absolute return, respectively.

Awards

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for its ACFR for the fiscal year ended June 30, 2024. This was the 36th consecutive year the System has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Additionally, the System received the Standards Award for Funding and Administration from the Public Pension Coordinating Council (PPCC) in recognition of the agency's fulfillment of public pension standards. Developed by PPCC, these standards are the benchmark for measuring excellence in defined benefit plan administration. The purpose of the PPCC's awards program is to promote high professional standards for public employee retirement systems and publicly commend systems that adhere to these standards. The PPCC is a coalition of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS) and the National Council on Teacher Retirement (NCTR).

Acknowledgments

This annual report is the result of the combined teamwork of the System's staff under the direction of the Board. Our sincere appreciation is extended to all who assisted in and contributed toward the completion of this document.

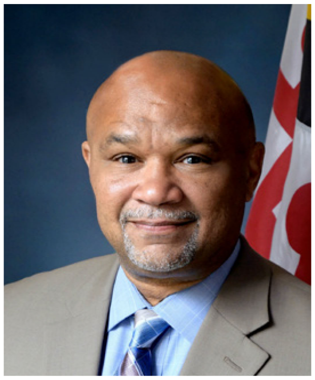
We are dedicated to being your trusted partner and take our commitment to members' retirement security and fiscal stewardship very seriously. We extend our appreciation to the Board of Trustees for its leadership and continued support of the System's mission. We also thank the System's professional consultants and advisors for their expertise and guidance throughout the fiscal year.

Respectfully submitted,

Jonathan D. Martin
Acting Executive Director

Tonia Shultz
Chief Financial Officer

BOARD OF TRUSTEES AS OF NOVEMBER 2025



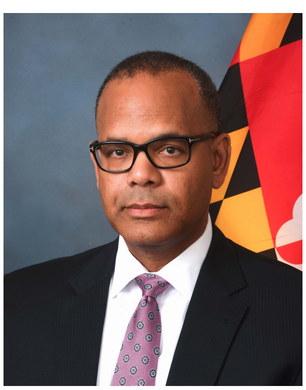
Dereck E. Davis, *Chair*
State Treasurer
Ex Officio since December 17, 2021
Committee Assignments: Administrative, Audit, Investment

Brooke Lierman, *Vice-Chair*
State Comptroller
Ex Officio since January 16, 2023
Committee Assignments: Investment (Chair), Corporate Governance and Securities Litigation

Jamaal R. A. Craddock
August 1, 2025 - July 31, 2029
Committee Assignments: Administrative, Audit

Ayana K. English-Brown
August 1, 2023 – July 31, 2027
Committee Assignments: Administrative, Compensation and Staffing

Sheila Hill
August 1, 2023 – July 31, 2027
Committee Assignments: Corporate Governance and Securities Litigation (Acting Chair/Vice-Chair), Investment, Compensation and Staffing



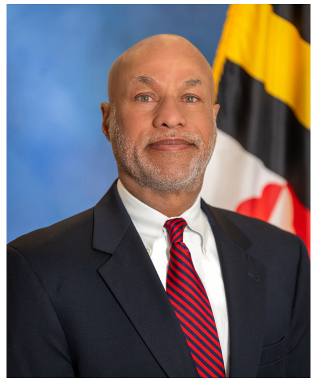
Charles Hopkins
August 1, 2024 – July 31, 2028
Committee Assignments: Corporate Governance and Securities Litigation, Audit

Richard E. Norman
August 1, 2022 – July 31, 2026
Committee Assignments: Administrative (Vice-Chair), Audit, Investment, Compensation and Staffing

Mia N. Pittman
August 1, 2023 – July 31, 2027
Committee Assignments: Audit (Chair), Investment (Vice-Chair)

BOARD OF TRUSTEES (CONTINUED)

Vickrant Puri
August 1, 2025 – July 31, 2029
Committee Assignments: Corporate Governance and Securities Litigation, Investment



Vernon A. Reid, Jr.
July 1, 2025 – June 30, 2029
Committee Assignments: Administrative, Corporate Governance and Securities Litigation

Michelle RhodesBrown
August 1, 2023 – July 31, 2027
Committee Assignments: Compensation and Staffing (Chair), Corporate Governance and Securities Litigation, Investment

Tarrus Richardson
July 1, 2021 - June 30, 2025
Committee Assignments: Investment, Compensation and Staffing

Robert F. Sandlass, Jr.
July 1, 2021 - June 30, 2025
Committee Assignments: Administrative (Chair), Audit (Vice-Chair), Compensation and Staffing (Vice-Chair), Corporate Governance and Securities Litigation

Yaakov “Jake” Weissmann
Ex Officio since October 22, 2025
Committee Assignments: Administrative, Compensation and Staffing, Corporate Governance and Securities Litigation, Investment

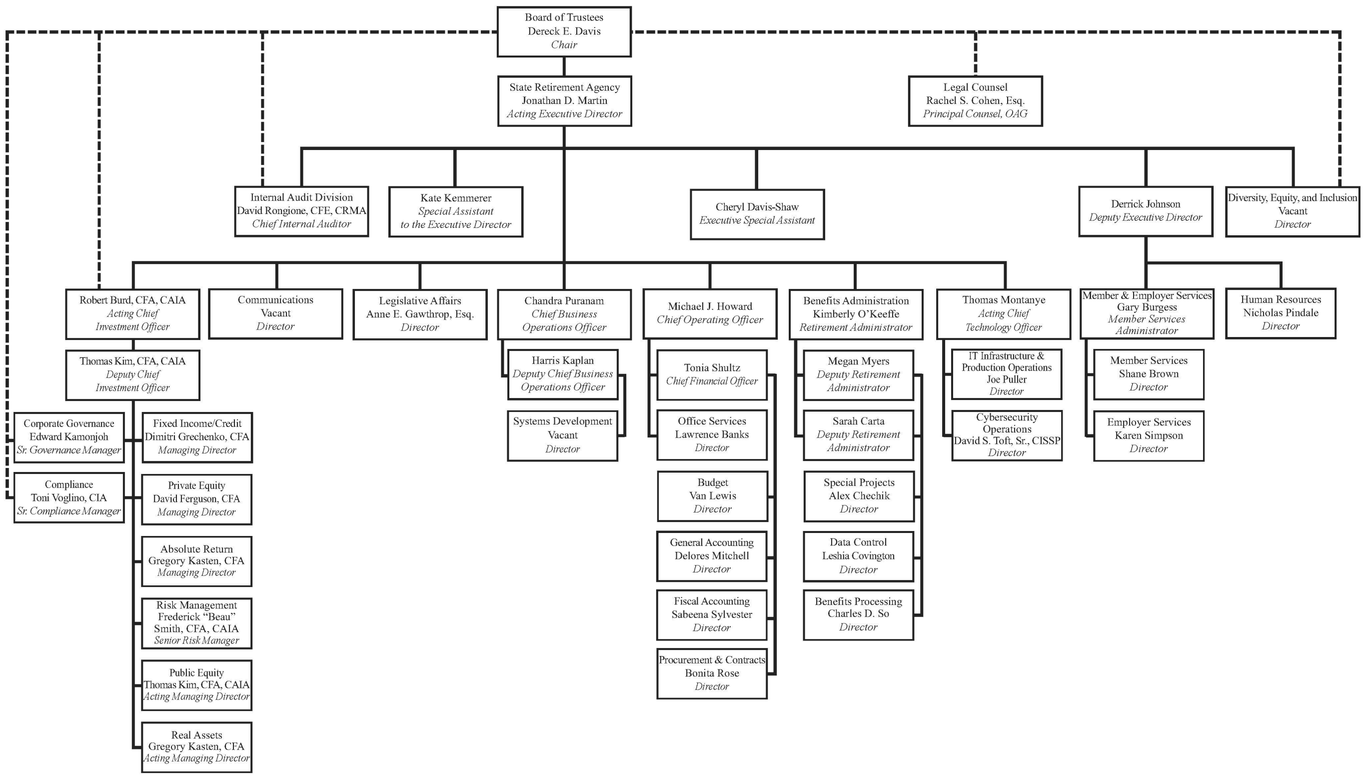
ADVISORS TO THE INVESTMENT COMMITTEE

Joanna Pratt
July 1, 2025 – June 30, 2028

Sharcus Steen
July 1, 2023 – June 30, 2026

Monte Tarbox
July 1, 2024 – June 30, 2027

ORGANIZATIONAL CHART (DECEMBER 2025)



* Additional information regarding investment professionals who provide services to the System can be found on pages 11, and 104-108. The Schedule of Equity Commissions to Brokers can be found on page 109.

PROFESSIONAL SERVICES

Global Custodial Bank and Security Lending

State Street Bank & Trust Company
Boston, Massachusetts

Deutsche Bank
New York, New York

Hearing Officers

Office of Administrative Hearings
Baltimore, Maryland

Independent Actuary

Gabriel Roeder Smith & Co.
Southfield, Michigan

Independent Public Accountant

SB & Company, LLC
Owings Mills, Maryland

Independent Investment Consultants

Hamilton Lane Advisors, LLC
Conshohocken, Pennsylvania

Meketa Investment Group, Inc.
Westwood, Massachusetts

Townsend Holdings, LLC
Cleveland, Ohio

Aksia, LLC
New York, New York

Operational Banking Services

M & T Bank
Baltimore, Maryland

The Harbor Bank of Maryland
Baltimore, Maryland

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Maryland State Retirement and Pension System

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2025

Presented to

Maryland State Retirement and Pension System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Robert A. Wylie
Program Administrator

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Financial Section

SBC Certified Public Accountants & Business Advisors

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Trustees of
Maryland State Retirement and Pension System
Baltimore, Maryland

Opinion

We have audited the financial statements of the Maryland State Retirement and Pension System (the System), a component unit of the State of Maryland, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the System, as of June 30, 2025, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the System as of and for the year ended June 30, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on November 22, 2024.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

10200 Grand Central Avenue • Suite 250 • Owings Mills • Maryland 21117 • P 410.584.0060 • F 410.584.0061

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal controls-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the employers' net pension liability, schedule of employers' net pension liability and related ratios, schedule of employers' contributions, related ratios and schedule of investment returns and notes to required supplementary information, as listed in the table of contents, be presented to supplement the basic

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financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The schedule of funding progress, schedule of administrative expenses, schedule of investment expenses, schedule of fund balances, schedule of fiduciary net position by system and schedule of changes in fiduciary net position by system (together, the accompanying supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory, investment, actuarial, statistical and plan summary sections, but does not include the basic financial statements and our auditor's report. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to described it in our report.

Owings Mills, Maryland
November 12, 2025

SB & Company, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

To help facilitate a better understanding of the Maryland State Retirement and Pension System's (the System) financial condition as of June 30, 2025 and 2024, the results of its operations for the fiscal years then ended, and the fiscal policies that govern its significant business operations, management has prepared this narrative analysis. This narrative is intended to supplement the System's audited financial statements and, as such should be read in conjunction with these statements, which are presented beginning on page 24.

OVERVIEW OF THE FINANCIAL STATEMENTS

As required by accounting principles generally accepted in the United States of America, the System's basic financial statements are comprised of the comparative Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position, along with the related note disclosures. In addition, the System's financial statements include certain required supplementary information (e.g., schedule of changes in employers' net pension liability, schedule of employers' net pension liability and related ratios, schedule of employers' contributions, and schedule of investment returns) as well as other supplementary schedules considered relevant to the financial statement user (e.g., schedules of fund balance accounts, administrative and investment expenses, fiduciary net position by system, and related changes by system). To better understand the relevance of the information presented in the System's financial statements, related notes, and supplementary information, it is helpful to first consider what purpose each component is intended to serve.

The Statements of Fiduciary Net Position presents a comparative, summary-level snapshot, as of a specific point in time (i.e., June 30th – the last day of the System's fiscal year), of the fair value of the net position available to pay future pension benefits to retirees and beneficiaries. To assist the reader in understanding the composition of the System's accumulated net position the most significant components (e.g., cash and cash equivalent securities, investments) are separately disclosed. In this regard, cash and cash equivalents represent that portion of the System's assets that, as of the end of the fiscal year, reside in the form of actual cash or short-term, highly liquid, investment securities. This amount gives an indication of the System's liquidity at fiscal year-end. Conversely, the amounts shown as investments represent those funds invested in longer-term securities (e.g., stocks, bonds, private equity, and real estate) held for the purpose of generating investment income. The sum of these assets, reduced by any liabilities owed by the System as of fiscal year-end, represents the net position held in trust to pay pension benefits.

By contrast, the Statements of Changes in Fiduciary Net Position are intended to show, on a comparative basis, the major categories of income earned (additions to fiduciary Net position) and expenses incurred (deductions from fiduciary Net position) by the System during the previous fiscal year. As such, the System's net income or loss accounts for the entire change in the net position held in trust to pay pension benefits during the fiscal year as a result of System operations. As with the System's assets and liabilities, significant categories of income and expense, as reported on the Statements of Changes in Fiduciary Net Position, are separately disclosed to help clarify the major sources and uses of the System's resources.

Finally, the note disclosures are provided as an integral component of the basic financial statements to help explain in narrative form some of the more complex or less obvious elements of the statements. Further, the notes to the financial statements provide additional information (e.g., significant accounting policies, various types of investment risk) that is essential for a comprehensive understanding of the System's financial condition and the results of its operations.

The Schedule of Changes in Employers' Net Pension Liability, Schedule of Employers' Net Pension Liability and Related Ratios, Schedule of Employers' Contributions, and Schedule of Investment Returns share common characteristics with data disclosed in the basic financial statements. In this regard, both the Statements of Changes in Fiduciary Net Position and the Schedule of Contributions from Employers and Other Contributing Entity disclose the amount of contributions received from participating employers. However, the Schedule of Employer Contributions differs from the Statements of Changes in Fiduciary Net Position in that the Schedule's primary focus is to disclose the contributions required to be made in accordance with the System's funding policy and the percentage of the required contributions actually made during the fiscal years presented.

Finally, the other supplementary schedules, presented immediately after the required supplementary information, summarize the changes in fund balances, disclose major categories of operating and investment expenses, and provide combining, plan-level detail related to asset, liability, income, and expense amounts summarized in the basic financial statements.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS.

The System's overall funding objective is to accumulate sufficient assets over time to meet its long-term benefit obligations as they become due. Accordingly, collecting employer and member contributions as well as earning an adequate long-term rate of return on its investments are essential components of the System's plan for accumulating the funds needed to finance future retirement benefits.

Fiscal Year 2025 Compared to 2024

The following condensed comparative Statement of Fiduciary Net Position as of the fiscal years ended June 30, 2025 and 2024, reflects an increase of $5,331.1 million (7.9%) in the System's net position. This increase is primarily due to positive performance returns in public equity and private equity asset classes.

A schedule of the System's investments and changes (by type) as of fiscal years June 30, 2025 and 2024, is presented below (expressed in millions):

	June 30,		Change	
	2025	2024	Variance	%
Cash & cash equivalents	**$ 2,634.1**	$ 2,265.6	$ 368.5	16.3%
U.S. Government obligations	**5,951.4**	5,900.9	50.5	0.9%
Domestic corporate obligations	**2,833.9**	2,803.7	30.2	1.1%
International obligations	**1,717.6**	1,703.3	14.3	0.8%
Domestic stocks	**11,967.7**	10,820.0	1,147.7	10.6%
International stocks	**11,697.8**	9,955.5	1,742.3	17.5%
Mortgages & mortgage-related securities	**2,167.9**	1,952.8	215.1	11.0%
Alternative investments	**33,881.4**	32,626.5	1,254.9	3.8%
Collateral for loaned securities	**5,074.0**	4,848.0	226.0	4.7%
Total Investments and Cash & Cash Equivalents	**77,925.8**	72,876.3	5,049.5	6.9%
Receivables	**1,348.9**	686.8	662.1	96.4%
Total Assets	**79,274.7**	73,563.1	5,711.6	7.8%
Liabilities	**6,033.9**	5,653.4	380.5	6.7%
Fiduciary Net Position Restricted to Pensions	**$ 73,240.8**	$ 67,909.7	$ 5,331.1	7.9%

As depicted in the following comparative Statement of Changes in Fiduciary Net Position for fiscal years 2025 and 2024, contributions to the System during fiscal year 2025 increased by $226.4 million from prior fiscal year due to an increase in covered payroll and the State's continued reinvestment contribution of savings. The System's investments experienced a positive return of 9.8% net of fees in fiscal year 2025 primarily attributable to the System's public equity portfolio rendering the strongest return of 16.3%.

The System continues to pay out more benefits than contributions collected. An increase of $243.6 million in benefits paid to retirees is attributable to an increase of 1,714 retirees and beneficiaries in fiscal year 2025. However, the investment performance was a positive offset contributing to a $5.4 billion increase in fiduciary net position.

A schedule of the System's additions to and deductions from fiduciary net position and related changes (by major category) for fiscal years ended June 30, 2025 and 2024, is as follows (expressed in millions):

	June 30,		**Change**	
	2025	**2024**	**Variance**	**%**
Employer contributions	**$ 1,986.7**	$ 1,834.1	$ 152.6	8.3%
Member contributions	**1,130.0**	1,056.2	73.8	7.0%
State contributions on behalf of local governments	**960.8**	784.2	176.6	22.5%
Net investment income	**6,588.3**	4,416.7	2,171.6	49.2%
Total additions	**10,665.8**	8,091.2	2,574.6	31.8%
Benefit payments	**5,160.0**	4,916.4	243.6	5.0%
Refunds	**116.4**	107.3	9.1	8.5%
Administrative expenses	**58.3**	50.8	7.5	14.8%
Total deductions	**5,334.7**	5,074.5	260.2	5.1%
Net increase in fiduciary net position	**5,331.1**	3,016.7	2,314.4	76.7%
Net position, beginning of year	**67,909.7**	64,893.0	3,016.7	4.6%
Net position, end of year	**$ 73,240.8**	$ 67,909.7	$ 5,331.1	7.9%

Analysis of Net Pension Liability *(expressed in millions)*

	June 30,		**Change**	
	2025	**2024**	**Variance**	**%**
Total Pension Liability (TPL)	**$ 98,946.6**	$ 94,214.1	$ 4,732.5	5.0%
Plan Fiduciary Net Position	**73,240.8**	67,909.7	5,331.1	7.9%
Net Pension Liability	**$ 25,705.8**	$ 26,304.4	$ (598.6)	-2.3%
Ratio - Fiduciary Net Position/TPL	74.0%	72.1%		

The TPL increased by $4.7 billion from 2024 to 2025, due to an increase in service cost and an actuarial loss from experience during the measurement period. The Plan Fiduciary Net Position increased by $5.3 billion from 2024 to 2025 primarily due to an investment return of 9.8%. These two events when netted decreased the Net Pension Liability by $(0.6) billion from 2024 to 2025.

Fiscal Year 2024 Compared to 2023

The following condensed comparative Statement of Fiduciary Net Position for the fiscal years ended June 30, 2024 and 2023, reflects an increase of $3,016.7 million (4.6%) in the System's net position. This increase is primarily due to positive performance returns in public equity and private equity asset classes.

A schedule of the System's investments and changes (by type) as of fiscal years June 30, 2024 to 2023 is presented below (expressed in millions):

	June 30,		Change	
	2024	**2023**	**Variance**	**%**
Cash & cash equivalents	**$ 2,265.6**	$ 1,373.4	$ 892.2	65.0%
U.S. Government obligations	**5,900.9**	6,238.7	(337.8)	-5.4%
Domestic corporate obligations	**2,803.7**	3,663.1	(859.4)	-23.5%
International obligations	**1,703.3**	1,585.7	117.6	7.4%
Domestic stocks	**10,820.0**	10,370.1	449.9	4.3%
International stocks	**9,955.5**	9,558.1	397.4	4.2%
Mortgages & mortgage-related securities	**1,952.8**	1,656.8	296.0	17.9%
Alternative investments	**32,626.5**	30,753.3	1,873.2	6.1%
Collateral for loaned securities	**4,848.0**	5,687.0	(839.0)	-14.8%
Total Investments and Cash & Cash Equivalents	**72,876.3**	70,886.2	1,990.1	2.8%
Receivables	**686.8**	716.8	(30.0)	-4.2%
Total Assets	**73,563.1**	71,603.0	1,960.1	2.7%
Liabilities	**5,653.4**	6,710.0	(1,056.6)	-15.7%
Fiduciary Net Position Restricted for Pensions	**$ 67,909.7**	$ 64,893.0	$ 3,016.7	4.6%

As depicted in the following comparative Statement of Changes in Fiduciary Net Position for fiscal years 2024 and 2023, contributions to the System during fiscal year 2024 increased by $226.3 million from prior fiscal year due to an increase in covered payroll and the State's continued reinvestment contribution of savings. The System's investments experienced a positive return of 6.9% net of fees in fiscal year 2024 primarily attributable to the System's public equity portfolio rendering the strongest return of 17.9%.

The System continues to pay out more benefits than contributions collected. An increase of $263.2 million in benefits paid to retirees reflects a continuance of increasing retirements of the baby boomer generation in fiscal year 2024. However, the investment performance was a positive offset contributing to a $3.0 billion increase in fiduciary net position.

A schedule of the System's additions to and deductions from fiduciary net position and related changes (by major category) for fiscal years 2024 and 2023, is as follows (expressed in millions):

	June 30,		**Change**	
	2024	**2023**	**Variance**	**%**
Employer contributions	**$ 1,834.1**	$ 1,700.3	$ 133.8	7.9%
Member contributions	**1,056.2**	963.7	92.5	9.6%
State contributions on behalf of local governments	**784.2**	738.6	45.6	6.2%
Net investment income	**4,416.7**	1,980.2	2,436.5	123.0%
Total additions	**8,091.2**	5,382.8	2,708.4	50.3%
Benefit payments	**4,916.4**	4,653.2	263.2	5.7%
Refunds	**107.3**	101.7	5.6	5.5%
Administrative expenses	**50.8**	46.0	4.8	10.4%
Total deductions	**5,074.5**	4,800.9	273.6	5.7%
Net increase in fiduciary net position	**3,016.7**	581.9	2,434.8	418.4%
Net position, beginning of year	**64,893.0**	64,311.1	581.9	0.9%
Net position, end of year	**$ 67,909.7**	$ 64,893.0	$ 3,016.7	4.6%

Analysis of Net Pension Liability *(expressed in millions)*

	June 30,		**Change**	
	2024	**2023**	**Variance**	**%**
Total Pension Liability (TPL)	$ 94,214.1	$ 87,923.3	$ 6,290.8	7.2%
Plan Fiduciary Net Position	67,909.7	64,893.0	3,016.7	4.6%
Net Pension Liability	$ 26,304.4	$ 23,030.3	$ 3,274.1	14.2%
Ratio - Fiduciary Net Position/TPL	72.1%	73.8%		

The TPL increased by $6.3 billion from 2023 to 2024, due to an increase in service cost and an actuarial loss from experience during the measurement period. The Plan Fiduciary Net Position increased by $3.0 billion from 2023 to 2024 primarily due to an investment return of 6.9%. These two events when netted increased the Net Pension Liability by $3.3 billion from 2023 to 2024.

Requests for Information

Members of the System's Board of Trustees and senior management are fiduciaries of the pension trust fund and, as such, are charged with the responsibility of ensuring that the System's assets are used exclusively for the benefit of plan participants and their beneficiaries. This financial report is designed to provide an overview of the System's finances and to demonstrate accountability for the resources entrusted to the System for the benefit of all of the System's stakeholders. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

State Retirement and Pension System of Maryland

120 E. Baltimore Street, Suite 1660

Baltimore, Maryland 21202-1600

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

STATEMENTS OF FIDUCIARY NET POSITION

As of June 30, 2025 and 2024

(Expressed in Thousands)

	2025	2024
ASSETS		
Cash & Cash Equivalents	**$ 2,634,052**	$ 2,265,618
Receivables		
Contributions:		
Employers	**109,370**	116,002
Members	**17,095**	14,634
Accrued investment income	**348,529**	260,758
Investment sales proceeds	**873,994**	295,384
Total Receivables	**1,348,988**	686,778
Investments, at Fair Value (Notes 2 & 3)		
U.S. Government obligations	**5,951,405**	5,900,878
Domestic corporate obligations	**2,833,899**	2,803,689
International obligations	**1,717,550**	1,703,310
Domestic stocks	**11,967,671**	10,820,039
International stocks	**11,697,783**	9,955,515
Mortgages & mortgage-related securities	**2,167,944**	1,952,783
Alternative investments	**33,881,371**	32,626,455
Collateral for loaned securities	**5,074,047**	4,848,015
Total Investments	**75,291,670**	70,610,684
Total Assets	**79,274,710**	73,563,080
LIABILITIES		
Accounts payable & accrued expenses (Note 7)	**69,816**	71,376
Investment commitments payable	**890,073**	733,981
Obligation for collateral for loaned securities	**5,074,047**	4,848,015
Total Liabilities	**6,033,936**	5,653,372
Fiduciary Net Position Restricted for Pensions	**$ 73,240,774**	$ 67,909,708

The accompanying notes are an integral part of these financial statements.

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

for the Fiscal Years Ended June 30, 2025 and 2024

(Expressed in Thousands)

	2025	2024
ADDITIONS		
Contributions:		
Employers	**$ 1,986,677**	$ 1,834,051
Members	**1,130,018**	1,056,173
State contributions on behalf of local governments	**960,777**	784,265
Total Contributions	**4,077,472**	3,674,489
Investment Income:		
Net appreciation (depreciation) in fair value of investments	**3,760,468**	1,891,910
Interest	**696,385**	694,863
Dividends	**2,605,020**	2,242,095
Investment Income Before Securities Lending Activity	**7,061,873**	4,828,868
Gross income from securities lending activity	**267,212**	311,150
Securities lending borrower rebates	**(244,312)**	(287,921)
Securities lending agent fees	**(1,081)**	(1,161)
Net income from securities lending activity	**21,819**	22,068
Total investment income	**7,083,692**	4,850,936
Investment expenses	**(495,359)**	(434,161)
Net investment income	**6,588,333**	4,416,775
TOTAL ADDITIONS	**10,665,805**	8,091,264
DEDUCTIONS		
Benefit payments	**5,160,040**	4,916,425
Refunds (Note 6)	**116,361**	107,308
Administrative expenses (Note 2)	**58,338**	50,796
TOTAL DEDUCTIONS	**5,334,739**	5,074,529
Net Increase in Fiduciary Net Position	**5,331,066**	3,016,735
Fiduciary Net Position Restricted for Pensions		
Beginning of the fiscal year	**67,909,708**	64,892,973
END OF THE FISCAL YEAR	**$ 73,240,774**	$ 67,909,708

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL DESCRIPTION OF THE SYSTEM

A. Organization

The State Retirement Agency (the Agency) is the administrator of the Maryland State Retirement and Pension System (the System). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The System is a cost-sharing multiple-employer defined benefit plan made up of two cost-sharing employer pools: the "State Pool" and the "Municipal Pool." The "State Pool" consists of the State agencies, boards of education, community colleges, and libraries. The "Municipal Pool" consists of the participating governmental units that elected to join the System. Neither pool shares in each other's actuarial liabilities, thus participating governmental units that elect to join the System (the "Municipal Pool") share in the liabilities of the Municipal Pool only. Although separate valuations are performed for each pool, all assets accumulated in the plan may legally be used to pay benefits to any member.

The State of Maryland is the statutory guarantor for the payment of all pensions, annuities, retirement allowances, refunds, reserves, and other benefits of the System. The State is obligated to annually pay into the accumulation fund of each State system at least an amount that, when combined with the System's accumulation funds, is sufficient to provide benefits payable under each plan during that fiscal year. The System is accounted for as a cost-sharing multiple-employer defined benefit plan as defined in accordance with accounting principles generally accepted in the United States of America. Additionally, the System is fiscally dependent on the State by virtue of the legislative and executive controls exercised with respect to its operations, policies, and administrative budget. Accordingly, the System is included in the State's reporting entity as a fiduciary fund and disclosed in its financial statements as a pension trust fund.

The System is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension Systems, State Police Retirement System, Judges' Retirement System, and the Law Enforcement Officers' Pension System.

B. Covered Members

The Teachers' Retirement System was established on August 1, 1927, to provide retirement allowances and other benefits to teachers in the State. Effective January 1, 1980, the Teachers' Retirement System was closed to new members and the Teachers' Pension System was established. As a result, teachers hired after December 31, 1979 became members of the Teachers' Pension System as a condition of employment. On or after January 1, 2005, an individual who is a member of the Teachers' Retirement System may not transfer membership to the Teachers' Pension System.

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to State employees, elected and appointed officials, and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension System was established. As a result, State employees (other than correctional officers) and employees of participating governmental units hired after December 31, 1979 became members of the Employees' Pension System as a condition of employment. On or after January 1, 2005, an individual who is a member of the Employees' Retirement System may not transfer membership to the Employees' Pension System.

The State Police Retirement System was established on July 1, 1949 to provide retirement allowances and other benefits to any police employee or cadet of the Maryland State Police.

The Legislative Pension Plan was established on July 1, 1966 to provide retirement allowance and other benefits to members of the Maryland General Assembly.

The Judges' Retirement System was established on June 30, 1969 to provide retirement allowances and other benefits for State and local, appointed, or elected judges.

The Correctional Officers' Retirement System was established on July 1, 1974 to provide retirement allowances and other benefits for state correctional officers. In 2006, the plan was opened up to local governments.

The Law Enforcement Officers' Pension System (LEOPS) was established on July 2, 1990 to provide retirement allowances and other benefits for certain State and local law enforcement officers.

Currently, more than 150 governmental units participate in the various Systems.

The following tables present a summary of membership by system as of June 30, 2025 and 2024, with comparative prior year totals:

	Inactive & Deferred Vested	Retirees & Beneficiaries	Active Plan Participants		
			Vested	Non-vested	Total
Teachers' Retirement & Pension Systems	**23,113**	**85,947**	**61,845**	**54,700**	**116,545**
Employees' Retirement & Pension Systems*	**21,566**	**86,072**	**38,215**	**49,165**	**87,380**
Judges' Retirement System	**9**	**475**	**223**	**92**	**315**
State Police Retirement System	**80**	**2,668**	**802**	**500**	**1,302**
Law Enforcement Officers' Pension System	**306**	**2,723**	**1,477**	**1,510**	**2,987**
Totals as of June 30, 2025	**45,074**	**177,885**	**102,562**	**105,967**	**208,529**
Totals as of June 30, 2024	**46,099**	**176,171**	**101,856**	**103,188**	**205,044**

(*) Employees' Retirement and Pension Systems includes the Correctional Officers' Retirement System and the Legislative Pension Plan.

	Inactive & Deferred Vested	Retirees & Beneficiaries	Active Plan Participants		
			Vested	Non-vested	Total
Teachers' Retirement & Pension Systems	23,494	84,975	61,192	54,124	115,316
Employees' Retirement & Pension Systems*	22,203	85,479	38,155	46,946	85,101
Judges' Retirement System	8	471	223	99	322
State Police Retirement System	85	2,638	817	495	1,312
Law Enforcement Officers' Pension System	309	2,608	1,469	1,524	2,993
Total as of June 30, 2024	46,099	176,171	101,856	103,188	205,044
Total as of June 30, 2023	47,087	174,609	100,835	97,812	198,647

(*) Employees' Retirement and Pension Systems includes the Correctional Officers' Retirement System and the Legislative Pension Plan.

C. Summary of Significant Plan Provisions

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors. Members of the Employees', Teachers', Correctional Officers', or State Police Retirement System that enrolled before June 30, 2011 receive a retirement allowance computed using the three highest years' Average Final Compensation (AFC) and the actual number of years of creditable service. Members of the State Police Retirement System or the Correctional Officers' Retirement System that enrolled on or after July 1, 2011 receive a retirement allowance computed using both the highest five years' AFC and the actual number of years of creditable service.

The Legislative Pension System provides retirement benefits to eligible members of the General Assembly. The plan's benefit provisions are established by the General Assembly Compensation Commission. Retirement allowances are calculated based on a member's creditable service and the legislative salary applicable to current members of the General Assembly.

Members of the pension systems of the State Retirement and Pension System that enrolled on or before June 30, 2011 receive a pension allowance computed using both the highest three consecutive years' AFC and the actual number of years of creditable service. Members of one of the pension systems that enrolled on or after July 1, 2011 receive a pension allowance computed using both the highest five consecutive years' AFC and the actual number of years of creditable service.

System	Contribution Rate
Teachers' Retirement System	5%
Employees' Retirement System	5%
Correctional Officers' Retirement System	5%
State Police Retirement System	8%
Judges Retirement System	8%
Teachers' Pension System	7%
Employees' Pension System	7%
Law Enforcement Officers' Pension System	7%
Legislative Pension System	7%

In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems is subject to a different cost-of-living adjustment (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1.0% based on whether the fair value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation.

A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2025 are as follows:

Service Retirement Allowances

A member of either the Teachers' or Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or earning 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's AFC multiplied by the number of years of creditable service.

A member of either the Teachers' or Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or earning 30 years of eligibility service regardless of age. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011 is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years, or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most members who retired from either the Teachers' or Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service earned prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service earned subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers' or Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service earned prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service earned subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Teachers' or Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service earned as a member of the Teachers' or Employees' Pension System.

Exceptions to these benefit formulas apply to members of the Employees' Pension System, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for these members equals 0.8% of the members' AFC up to the social security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage base for the past 35 calendar years ending with the year the retiree separated from service.

A member of the Correctional Officers' Retirement System who enrolled on or before June 30, 2011 is eligible for full retirement benefits upon the earlier of earning 20 years of creditable service, regardless of age or attaining age 55 with at least 5 years of creditable service. A member that enrolls in the Correctional Officers' Retirement System on or after July 1, 2011 is eligible for full retirement benefits upon the earlier of earning 20 years of creditable service, regardless of age or attaining age 55 with at least 10 years of creditable service. The annual retirement allowance equals 1/55 (1.81%) of the members' AFC multiplied by the number of years of creditable service.

A member of the State Police Retirement System who enrolled on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 50 or earning 22 years of creditable service regardless of age. A member of the State Police Retirement System who enrolled on or after July 1, 2011 is eligible for full retirement benefits upon the earlier of attaining age 50 or earning 25 years of creditable service regardless of age. The annual retirement allowance equals 2.55% of the member's AFC multiplied by the number of years of creditable service and may not exceed 71.4% of the member's AFC.

A member of the Judges' Retirement System who enrolled on or before June 30, 2012, is eligible for full retirement benefits upon attaining age 60. A member of the Judges' Retirement System who enrolled on or after July 1, 2012 is eligible for full retirement benefits upon attaining age 60 and earning 5 years of creditable service. The annual retirement allowance for a member with at least 16 years of creditable service equals 2/3 (66.7%) of the salary of an active judge holding a comparable position. The annual retirement allowance is prorated if the member retires with fewer than 16 years of creditable service.

A member of the Law Enforcement Officers' Pension System who enrolled on or before June 30, 2001, is eligible for full retirement benefits upon the earlier of attaining age 50, with 5 years of eligibility service or earning 25 years of eligibility service regardless of age. A member of the Law Enforcement Officers' Pension System who enrolled on or after July 1, 2011 is eligible for full retirement benefits upon the earlier of attaining age 50, with 10 years of eligibility service, or earning 25 years of eligibility service regardless of age. The annual retirement allowance equals 2.3% of the members' AFC multiplied by the number of years of creditable service up to 30 years, plus (1.0% of the members' AFC multiplied by the number of years of creditable service in excess of 30 years and my not exceed 65% of the member's AFC.

A member of the Legislative Pension System qualifies for a retirement allowance with at least eight years of creditable service and either age 60 (if enrolled prior to January 14, 2015) or age 62 (if enrolled on or after that date). The allowance is calculated at 3.0% of the salary of an active legislator in a comparable position for each year of creditable service, up to a maximum of 66.66% of the salary.

Vested Allowances

A member of the State Retirement and Pension System who enrolled on or before June 30, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after earning five years of eligibility service is eligible for a vested retirement allowance. A member of the State Retirement and Pension System who enrolled on or after July 1, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age, but after earning 10 years of eligibility service, is eligible for a vested retirement allowance. An individual who is a member of the Judges' Retirement System on or before June 30, 2012, has no minimum service requirements prior to vesting. However, individuals who join the Judges' Retirement System on or after July 1, 2012, and terminate employment before attaining retirement age, will have to accrue five years of creditable service in order to receive a vested retirement allowance. Legislators become eligible for a vested retirement allowance upon earning eight years of eligibility service. A member who terminates employment before reaching retirement age and before vesting may be eligible to request a refund of all member contributions, plus applicable interest.

Early Service Retirement

A member of either the Teachers' or Employees' Retirement System may retire with reduced benefits after completing 25 years of creditable service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or earns 30 years of creditable service, whichever is less. The maximum reduction for a Teachers' or Employees' Retirement System member is 30%.

A member of either the Teachers' or Employees' Pension System who enrolled on or before June 30, 2011 may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' or Employees' Pension System is 42%. A member of either the Teachers' or Employees' Pension System who enrolled on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' or Employees' Pension System is 30%.

A member of the Legislative Pension System who enrolled prior to January 14, 2015, may retire as early as age 50, with benefits reduced by 6.0% for each year under age 60 (maximum reduction of 60%). Members enrolled on or after that date may retire as early as age 55, with a 6% reduction per year under age 62 (maximum reduction of 42%).

Members of the Correctional Officers', State Police, Judges', Law Enforcement Officers' and Local Fire and Police Systems are not eligible for early service benefits.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after five years of creditable service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after earning five years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. A member (other than a member of the Maryland General Assembly or a judge, both of which are ineligible for accidental disability benefits) who is permanently and totally disabled as the result of an accident occurring in the line of duty receives 2/3 (66.7%) of the member's AFC plus an annuity based on all member contributions and interest. Disability claims are reviewed by the Agency's Medical Board who make recommendations to the Board of Trustee's. Final approval for disability claims is the decision of the Board of Trustees. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Adjusted Retirement Allowances

Retirement and pension allowances are increased annually to provide for changes in the cost of living according to a prescribed formula. Such adjustments for retirees are based on the annual change in the CPI. For the Teachers' and Employees' Retirement Systems (TRS/ERS) the method by which the annual COLA's are computed depends upon elections made by members who were active on July 1, 1984 (or within 90 days of returning to service, for members who were inactive on July 1, 1984) enabling the member to receive either an unlimited COLA, a COLA limited to 5% or a two-part combination COLA depending upon the COLA election made by the member.

However, beginning July 1, 2011, for benefits attributable to service earned on or after July 1, 2011, in all of the systems except the judges' and legislators' systems, the adjustment is capped at the lesser of 2.5% or the increase in CPI if the most recent calendar year fair value rate of return was greater than or equal to the assumed rate. The adjustment is capped at the lesser of 1% or the increase in CPI if the fair value return was less than the assumed rate of return. In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied, and the zero COLA is fully recovered.

Retirement allowances for legislators and judges are recalculated when the salary of an active member holding a comparable position is increased.

Members of the State Police Retirement System and Law Enforcement Officers' Pension System are eligible to participate in a Deferred Retirement Option Program (DROP). For members who enter the DROP on or after July 1, 2011, the member is deemed retired and the retirement allowance is placed in an account earning 4% interest per year, compounded annually. At the end of the DROP period, the lump sum held in the DROP account is paid to the retiree. Members of the program must end employment and fully retire at the end of the DROP period. The maximum period of participation is 7 years for the State Police Retirement System and 7 years for Law Enforcement Officers' Pension System. The amount of funds held in the DROP as of June 30, 2025 and 2024, was $55,934,753 and $40,932,782, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The System's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, investment purchases and sales are recorded as of their respective trade dates. Employer and Member contributions are recognized in the period when due, pursuant to statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

B. Investment Limitations

The State Personnel and Pensions Article of the Annotated Code of Maryland authorizes the System to invest plan assets in stocks, bonds, notes, certificates of indebtedness, mortgage notes, real estate, debentures or other obligations, subject to the terms, conditions, limitations and restrictions imposed by the Board of Trustees of the Maryland State Retirement and Pension System.

C. Portfolio Valuation Method

The System's investments are reported at fair value. Fair value is the amount that the System can reasonably expect to receive for an investment in a current sale. See Note 3.H for the description of investments at fair value.

Investment amounts presented in the accompanying Statements of Fiduciary Net Position represent the fair value of the respective portfolios as of the fiscal year-end. Similarly, investment income amounts reported in the accompanying Statements of Changes in Fiduciary Net Position represent the income or loss derived for the years then ended. Accordingly, significant market fluctuations could periodically occur subsequent to the financial statement valuation date, which are not reflected in either the fair value of investments or the related investment income presented in these financial statements.

D. Derivatives

As permitted by guidelines established by the Board of Trustees, the System may invest in derivatives. Compliance with these guidelines is monitored by Agency staff. Pursuant to such authority, the System invests in foreign currency forward contracts, options, futures, and swaps. The Agency does not purchase rights and warrants; however, it can accrue ownership through corporate actions. No derivatives were purchased with borrowed funds.

Derivatives are generally used to hedge against foreign currency risk and changes in interest rates, improve yield, and adjust the duration of the System's fixed income portfolio. These securities are subject to changes in value due to changes in currency valuations or interest rates. Credit risk for derivatives results from the same considerations as other counterparty risk assumed by the System, which is the risk that the counterparty might be unable to meet its obligations.

The System enters into forward foreign currency exchange contracts for hedging purposes to minimize the short-term impact of foreign currency fluctuations. Foreign currency exchange contracts are reported at fair value based on published market prices and quotations from major investment firms. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The System seeks to minimize risk from counterparties by establishing minimum credit quality standards.

E. Administrative and Investment Expenses

All of the System's administrative and investment expenses (e.g., salaries of Agency employees, investment advisory fees, etc.) are incurred centrally and charged to each individual retirement or pension system on the basis of its active membership and percentage ownership in the System's net position, respectively. The System's investment expenses are funded from investment income. The System's administrative expenses are funded from administrative fees assessed to each participating employer. See page 86 for detailed Schedules of Administrative and Investment Expenses.

F. Federal Income Tax Status

During the fiscal years ended June 30, 2025 and 2024, the System qualified under Section 401(a) of the Internal Revenue Code (the Code) and was exempt from federal income taxes under Section 501(a) of the Code.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. Legal Provisions

The Board of Trustees is required by Section 21-116 (c), State Personnel and Pensions Article, Annotated Code of Maryland (SPP), to establish and maintain an Investment Policy Manual (IPM), which is available on the Agency's web site. The IPM authorizes investing in all major sectors of the capital market in order to diversify and minimize total investment program risk. Such sectors include, but are not limited to:

		As of June 30, 2025	
Type	**Description**	**Strategic Target**	**Actual**
Public Equity	Investments in securities, known as shares or stocks, that represent an ownership interest in corporations and are generally traded on a stock exchange.	34.0%	32.3%
Private Equity	Investments in companies that are not registered with the SEC and are not traded in the public markets. Private equity may also be referred to as venture capital or buy-outs.	16.0%	20.5%
Rate Sensitive	Investments in bonds, loans or associated derivatives with an average portfolio credit quality of investment grade. Permissible bonds or loans may be nominal or inflation protected and those bonds or loans may be issued by an entity in any country. Generally, these securities are not traded on an exchange, pay interest on a regular schedule and repay principal by maturity.	20.0%	16.2%
Credit/Debt Related Strategies	Debt issued by corporations and other non-government sectors of the fixed income market such as distressed debt, convertibles, corporate and mortgage related credit strategies, mezzanine debt, bank loans, high yield, emerging markets and preferred securities.	9.0%	9.1%
Absolute Return	Investments whose performance is expected to exceed the three month U.S. Treasury bill by 4-5% over a full market cycle and exhibit low correlation to public stocks. The System's program may include strategies such as hedge fund of funds, multi-strategy, global tactical asset allocation, equity hedged, event driven, relative value, macro, insurance, private markets, and opportunistic.	6.0%	5.5%
Real Assets	Investments whose performance is expected to exceed the rate of inflation over an economic cycle. The System's real assets program may include the following investment vehicles in both public and private investments: commodities, real estate, energy and energy related assets, agriculture, infrastructure, timber and other natural resources, and multi-asset class portfolios with a real return mandate.	15.0%	14.7%
Cash/Cash Equivalents	Investments that provide daily liquidity and either have very low risk or principal loss such as treasury bills or high quality commercial paper.	0.0%	1.3%
Multi Assets	Investments that act as a proxy for all overall Asset allocation through a combination of Exchange Traded Funds and fully funded Futures contracts.	0.0%	0.4%

System assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for benefits to be provided.

The System is authorized by its Board of Trustees to operate a securities lending program and has contracted with Deutsche Bank to lend securities and reinvest cash collateral received from the transfer of securities in investment instruments authorized by the investment policy. Currently, the initial required collateral for foreign securities is equal to 105 percent of the aggregate fair value of the transferred securities not denominated in the same currency as the collateral provided by the counterparty and 102 percent for domestic securities and foreign securities that are denominated in the same currency as the collateral provided by the counterparty. See section G of this note for additional information.

B. Cash and Cash Equivalents

The Cash and Cash Equivalents category reported on the Statement of Fiduciary Net Position consists of short-term investments that are used to meet the liquidity requirements of the System.

Cash and Cash Equivalents held by the System can include cash on deposit, foreign currencies, cash posted as collateral to counterparties, repurchase agreements, certificate of deposit, U.S. Treasury Bills, short-term investment funds, and other U.S. or foreign liquid financial instruments with original maturities that are generally less than three months. Cash and Cash Equivalents are reported at fair value or cost, which approximates fair value.

For cash deposits and cash equivalents, custodial credit risk is the risk that, in the event of a bank failure, the System's deposits may not be returned to it.

The System does not have any funds or deposits that are not covered by depository insurance, which are either uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the System's name and there are no legal or contractual provisions for deposits and investments. Nor does the System have any investments that are not registered in its name and are either held by the counterparty or the counterparty's trust department or agent, but not in the System's name.

The amount of the System's total Cash and Cash Equivalents as of June 30, 2025 and 2024, was $2,634,052 and $2,265,618 (in thousands), respectively.

C. Investments

These investments are accounted for as the System and are allocated to Teachers' Retirement and Pension, Employees' Retirement and Pension, Judges' Retirement, State Police Retirement and Law Enforcement Officers' Pension.

All investments are governed by the Prudent Person Rule as described in SPP Section 21-203 which states: A fiduciary shall discharge the fiduciary's duties with respect to the several systems solely in the interest of the participants and as follows: (1) for the exclusive purposes of providing benefits to the participants and for reasonable expenses of administering the several systems; (2) with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; (3) by diversifying the investments of the several systems so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; (4) in accordance with the laws governing the several systems; and (5) in accordance with the documents and instruments governing the several systems to the extent that the documents and instruments are consistent with this subtitle.

D. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2025 and 2024, the System had the following fixed income investments allocated by year of maturity except for the Commingled Funds, which are based on their average maturity:

As of June 30, 2025

Type:	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1 thru 5	5+ thru 10	More than 10
Asset Backed Securities	$ 123,045	$ 222	$ 23,419	$ 35,266	$ 64,138
Bank Loans	12,005	245	4,733	7,027	–
Collateralized Mortgage Obligations	390,991	106	13,173	21,346	356,366
Credit/Debt Commingled Funds	2,259,570	184,112	1,665,240	305,391	104,827
Domestic Corporate Obligations	2,624,694	41,173	1,247,667	860,225	475,629
International Obligations	377,191	4,140	142,983	123,602	106,466
Mortgage Pass-throughs	1,779,626	9	1,706	18,627	1,759,284
Municipals	44,065	89	4,238	8,649	31,089
Options	3,657	727	–	2,930	–
Short term	1,670,208	190,772	–	1,479,436	–
Swaps	17,038	74	965	2,211	13,788
U.S. Government Agency	21,609	–	1,289	10,470	9,850
U.S. Treasury Inflation Linked	2,411,304	–	1,213,223	749,823	448,258
U.S. Treasury Notes/Bonds	3,411,263	4,791	40,108	59,948	3,306,416
U.S. Treasury Strips	107,609	446	2,176	4,020	100,967
Yankee Bonds	1,304,227	25,270	435,807	459,501	383,649
Total	**$ 16,558,102**	**$ 452,176**	**$ 4,796,727**	**$ 4,148,472**	**$ 7,160,727**

As of June 30, 2024

Type:	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1 thru 5	5+ thru 10	More than 10
Asset Backed Securities	$ 142,618	$ 74	$ 35,355	$ 32,251	$ 74,938
Bank Loans	13,611	–	11,280	2,331	–
Collateralized Mortgage Obligations	383,046	429	21,425	17,245	343,947
Credit/Debt Commingled Funds	1,781,121	123,678	1,202,523	379,226	75,694
Domestic Corporate Obligations	2,594,757	42,152	1,143,821	970,728	438,056
International Obligations	397,664	6,429	159,659	134,797	96,779
Mortgage Pass-throughs	1,572,872	179	1,713	24,746	1,546,234
Municipals	41,735	–	3,765	10,047	27,923
Options	(478)	(478)	–	–	–
Short term	1,793,806	138,408	–	1,638,364	17,034
Swaps	7,951	(283)	(8,448)	2,290	14,392
U.S. Government Agency	19,935	–	592	10,079	9,264
U.S. Treasury Inflation Linked	2,257,271	1,055	1,222,367	594,997	438,852
U.S. Treasury Notes/Bonds	3,532,443	528	35,242	75,336	3,421,337
U.S. Treasury Strips	91,764	–	–	1,504	90,260
Yankee Bonds	1,266,954	50,083	497,969	372,174	346,728
Total	**$ 15,897,070**	**$ 362,254**	**$ 4,327,263**	**$ 4,266,115**	**$ 6,941,438**

Markets or interest rate risk is the greatest risk faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. Derivative securities, variable rate investments with coupon multipliers greater than one, and securities with long terms to maturity are examples of investments whose fair values may be highly sensitive to interest rate changes. These securities are reported at fair value in the Statements of Fiduciary Net Position.

Securities that would qualify as "highly interest rate sensitive" include interest only, principal only and inverse floaters, of which the System had no significant holdings as of June 30, 2025 and 2024.

As of June 30, 2025 and 2024, the System had $1,779,626 and $1,572,872 (in thousands), respectively, invested in mortgage pass-through securities issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. These investments are moderately sensitive to changes in interest rates because they are backed by mortgage loans in which the borrowers have the option of prepaying.

Investment guidelines developed for each mandate determines the amount of interest rate risk allowable for each manager. Derivatives held as of June 30, 2025 and 2024, are identified in greater detail in Note 4.

E. Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. This is measured by the assignment of ratings by nationally recognized statistical rating organizations. The ratings used to determine the quality of the individual securities in the table below are the ratings provided by Moody's and Standard & Poor's Global Inc. The listed ratings are based on the most conservative rating when multiple ratings were offered. Obligations issued or guaranteed by the U.S. government or government-sponsored agencies are eligible without limit. The System may invest in an unrated security if the security is comparable in quality to other rated securities that are eligible for purchase. The notation NR represents those securities that are not rated for which the rating disclosure requirements are not applicable, such as commingled short term and credit funds, mortgage securities, foreign sovereign bonds and bank loans which by nature do not have credit quality ratings. The current policy regarding credit risk is determined by each investment manager's mandate.

As of June 30, 2025 and 2024, the credit ratings of fixed income securities are shown below as a percentage of total investments:

Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Investments

(Expressed in Thousands)

Rating	2025 Fair Value	Percentage Total Investments	2024 Fair Value	Percentage Total Investments
AAA	**$ 55,712**	**0.074%**	$ 90,249	0.128%
AA	**135,490**	**0.180%**	207,614	0.294%
A	**695,169**	**0.923%**	599,473	0.849%
BBB	**1,293,800**	**1.718%**	1,239,439	1.755%
BB	**1,044,409**	**1.387%**	1,106,499	1.567%
B	**763,473**	**1.014%**	747,691	1.059%
CCC	**102,206**	**0.136%**	94,962	0.134%
CC	**2,168**	**0.003%**	4,415	0.006%
D	**5,284**	**0.007%**	10,051	0.014%
NR*	**6,530,216**	**8.673%**	5,915,202	8.377%
Total Exposed to Credit Risk	**10,627,927**		10,015,595	
U.S. Government Guaranteed**	**5,930,175**		5,881,475	
Total Fixed Income and Short-Term Investments	**$ 16,558,102**		$ 15,897,070	

(*)NR represents securities not rated.

(**)Comprised of U.S. government obligations explicitly guaranteed by the U.S. Government.

The current policy regarding credit risk is determined by each investment manager's mandate. The above listed ratings are based on the most conservative rating when multiple ratings were offered.

F. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Systems investment exposure in foreign currency risk as of June 30, 2025 and 2024, is shown below:

International Investment Securities – At Fair Value as of June 30, 2025

(U.S. Dollars in Thousands)

Currency	Equity	Fixed Income	Cash	Alternative Investments	Total
Australian Dollar	$ 278,901	$ 1,458	$ 9,350	$ 127,970	**$ 417,679**
Brazilian Real	30,718	(1,266)	46	–	**29,498**
Canadian Dollar	529,104	1,392	1,280	269,098	**800,874**
Chilean Peso	888	–	11	–	**899**
Danish Krone	120,602	–	238	–	**120,840**
Egyptian Pound	20,196	–	–	–	**20,196**
Euro Currency	2,173,744	118,580	52,106	1,816,455	**4,160,885**
Hong Kong Dollar	261,180	–	655	49,773	**311,608**
Hungarian Forint	1,220	–	51	–	**1,271**
Indonesian Rupiah	27,968	–	633	–	**28,601**
Japanese Yen	1,168,536	12,839	7,574	20,397	**1,209,346**
Malaysian Ringgit	1,627	–	18	–	**1,645**
Mexican Peso	40,730	–	241	–	**40,971**
New Israeli Sheqel	32,556	–	75	–	**32,631**
New Taiwan Dollar	64,878	–	4	–	**64,882**
New Zealand Dollar	6,925	11,757	911	9,587	**29,180**
Norwegian Krone	67,416	–	141	–	**67,557**
Philippine Peso	1,676	–	10	–	**1,686**
Polish Zloty	5,359	–	136	–	**5,495**
Pound Sterling	814,972	25,442	15,402	252,282	**1,108,098**
Singapore Dollar	73,570	–	445	–	**74,015**
Sol	–	7,519	585	–	**8,104**
South African Rand	74,320	4,901	(457)	–	**78,764**
South Korean Won	102,892	–	277	–	**103,169**
Swedish Krona	139,742	–	578	–	**140,320**
Swiss Franc	466,535	–	1,972	6,528	**475,035**
Thailand Baht	12,473	–	–	–	**12,473**
Turkish Lira	1,460	–	–	–	**1,460**
UAE Dirham	36,984	–	–	–	**36,984**
Yuan Renminbi	22,109	–	211	–	**22,320**
Total foreign currency risk	6,579,281	182,622	92,493	2,552,090	**9,406,486**
Other holdings with potential exposure to foreign currency risk	5,555,633	1,317,531	–	2,117,965	**8,991,129**
Total investments subject to foreign currency risk *	**$ 12,134,914**	**$ 1,500,153**	**$ 92,493**	**$ 4,670,055**	**$ 18,397,615**

(*) Includes Derivatives

International Investment Securities – At Fair Value as of June 30, 2024
(U.S. Dollars in Thousands)

Currency	Equity	Fixed Income	Cash	Alternative Investments	Total
Australian Dollar	$ 247,244	$ –	$ 5,688	$ 130,164	**$ 383,096**
Brazilian Real	7,860	(712)	157	–	**7,305**
Canadian Dollar	402,880	(217)	293	210,504	**613,460**
Czech Koruna	–	–	5	–	**5**
Danish Krone	167,642	–	278	–	**167,920**
Egyptian Pound	19,136	–	–	–	**19,136**
Euro Currency	1,679,203	80,921	14,295	1,607,252	**3,381,671**
Hong Kong Dollar	172,923	–	592	48,059	**221,574**
Hungarian Forint	882	–	33	–	**915**
Indonesian Rupiah	20,085	–	–	–	**20,085**
Japanese Yen	1,020,037	106	5,567	16,349	**1,042,059**
Mexican Peso	32,476	11,559	2,126	–	**46,161**
New Israeli Sheqel	20,796	–	76	–	**20,872**
New Taiwan Dollar	56,623	–	22	–	**56,645**
New Zealand Dollar	7,556	11,612	777	7,388	**27,333**
Norwegian Krone	55,621	–	204	–	**55,825**
Polish Zloty	–	(1,465)	2,531	–	**1,066**
Pound Sterling	660,359	26,951	9,831	262,649	**959,790**
Singapore Dollar	56,084	–	379	–	**56,463**
Sol	–	9,903	542	–	**10,445**
South African Rand	64,086	1,861	523	–	**66,470**
South Korean Won	111,267	–	24	–	**111,291**
Swedish Krona	130,406	–	164	–	**130,570**
Swiss Franc	424,497	–	102	5,077	**429,676**
Thailand Baht	8,503	–	–	–	**8,503**
Turkish Lira	2,979	–	33	–	**3,012**
UAE Dirham	22,306	–	–	–	**22,306**
Yuan Renminbi	14,267	–	–	–	**14,267**
Total foreign currency risk	5,405,718	140,519	44,242	2,287,442	**7,877,921**
Other holdings with potential of exposure to foreign currency risk	5,060,338	1,308,668	–	2,351,934	**8,720,940**
Total investments subject to foreign currency risk *	**$ 10,466,056**	**$ 1,449,187**	**$ 44,242**	**$ 4,639,376**	**$ 16,598,861**

(*) Includes Derivatives

The majority of foreign currency-denominated investments are in non-U.S. stocks.

The Agency has an overlay program to help minimize its currency risk.

Note: These schedules do not agree with the total international obligations and international equities as listed on the Statement of Fiduciary Net Position due to private and public partnerships or funds and American Depository Receipts which are valued in U.S. dollars but classified as International.

G. Securities Lending Transactions

The Board of Trustees has authorized the System to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. Deutsche Bank, pursuant to a written agreement, is permitted to lend long-term securities to authorized broker-dealers subject to the receipt of acceptable collateral. The System lends securities for collateral in the form of either cash or other securities. The types of securities on loan as of June 30, 2025 included long-term U.S. government obligations, domestic and international equities, as well as domestic and international debt obligations. At the initiation of a loan, borrowers are required to provide collateral amounts of 102 percent (domestic securities and foreign securities that are denominated in the same currency as the collateral provided by the counterparty) and 105 percent (foreign securities that are not denominated in the same currency as the collateral provided by the counterpart). In the event the collateral fair value falls below 100 percent for domestic securities and foreign securities that are denominated in the same currency as the collateral or 103 percent on foreign securities not denominated in the same currency as the collateral provided by the counterparty, the borrower is required to provide additional collateral to the original levels by the end of the next business day. Deutsche Bank is obligated to indemnify the client if there are any losses of securities, collateral or investments of the client in the Bank's custody arising out of or related to the negligence or dishonesty of the Bank.

The following table details the net income from securities lending for the years ended June 30, 2025 and 2024 (in thousands):

	2025	2024
Interest income	**$ 267,212**	$ 311,150
Less:		
Interest expense	**244,312**	287,921
Program fees	**1,081**	1,161
Expenses from securities lending	**245,393**	289,082
Net income from securities lending	**$ 21,819**	$ 22,068

The System maintains the right to terminate the securities lending transactions upon notice. The lending agent reinvests the cash collateral received on each loan utilizing indemnified repurchase agreements (repos). As of June 30, 2025, such repos had average days to maturity of 49.33 days. The System cannot pledge or sell collateral securities received unless (and until) a borrower defaults. At year-end, the System had no credit risk exposure to borrowers because the amount the System owed the borrowers exceeded the amount the borrowers owed the System. In October 2024, the System began investing a portion of its securities lending cash collateral through its internal portfolio management team. For the year ended June 30, 2025, these investments generated $1.28 million in net income. The fair value of securities on loan and the fair value collateral held for the System as of June 30, 2025 (in thousands) was $4,966,088 and $5,074,047, respectively. The fair value of securities on loan and the fair value collateral held for the System as of June 30, 2024 (in thousands) was $4,736,708 and $4,848,015, respectively.

The following tables present the fair values of the underlying securities, and the value of the collateral pledged at June 30, 2025 and 2024 (in thousands):

	As of June 30, 2025		
Securities Lent	**Fair Value Loaned Securities**	**Collateral Fair Value**	**Percent Collateralized**
Lent for cash collateral			
U.S. government and agency	**$ 3,422,120**	**$ 3,493,775**	**102.1%**
Domestic bond & equity	**1,523,764**	**1,559,220**	**102.3%**
International fixed	**7,727**	**7,895**	**102.2%**
International equity	**12,477**	**13,157**	**105.5%**
Total securities lent	**$ 4,966,088**	**$ 5,074,047**	**102.2%**

Securities Lent	As of June 30, 2024 Fair Value Loaned Securities	Collateral Fair Value	Percent Collateralized
Lent for cash collateral			
U.S. government and agency	$ 3,331,025	$ 3,408,514	102.3%
Domestic bond & equity	1,371,211	1,403,473	102.4%
International fixed	9,614	9,829	102.2%
International equity	24,858	26,199	105.4%
Total securities lent	$ 4,736,708	$ 4,848,015	102.3%

H. Investments at Fair Value

The System follows the fair value measurement and disclosure guidance under U.S. GAAP, which establishes a hierarchical disclosure framework. This framework prioritizes and ranks the level of market price observability used in measuring investments at fair value. U.S. GAAP also allows investments to be valued at cost or net asset value (NAV).

Assets and liabilities measured at fair value are classified into one of the following categories:

Level 1 – Fair value is determined using unadjusted quoted prices in active markets for identical assets or liabilities accessible on the measurement date.

Level 2 – Fair value is determined using quoted prices in inactive markets or significant observable inputs (including, but not limited to, quoted prices for similar investments, interest rates, foreign exchange rates, volatility and credit spreads), either directly or indirectly. These inputs may be derived principally from, or corroborated by, observable market data through correlation or by other means.

Level 3 – Fair value is determined using unobservable inputs, including situations where there is little market activity, if any, for the asset or liability.

The System had the following recurring fair value measurements as of June 30, 2025 and 2024:

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a combination of prevailing market prices and interest payments that are discounted at prevailing interest rates for similar instruments.

Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates and foreign exchange rates.

Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

As of June 30, 2025 and 2024, the System had the following recurring fair value measurements:

As of June 30, 2025	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level (expressed in millions)				
Debt securities				
U.S. Government obligations	$ 5,951	$ 5,951	$ –	$ –
Domestic corporate obligations	2,815	–	2,815	–
International obligations	907	–	907	–
Emerging markets debt	809	–	809	–
Mortgages & mortgage related securities	2,168	–	–	2,168
Total debt securities	12,650	5,951	4,531	2,168
Equity securities				
Domestic stocks (includes REITs)	8,076	8,076	–	–
International stocks (includes (REITs)	8,390	8,390	–	–
Total equity securities	16,466	16,466	–	–
Alternative investments	406	406	–	–
Total investment by fair value level	29,522	$ 22,823	$ 4,531	$ 2,168
Investment measured at the net asset value (NAV)				
Equity Open-End Fund	7,200			
Real Estate Open-End Fund	5,202			
Private Funds (includes equity, real estate, credit, energy, infrastructure, timber)	23,437			
Multi-asset	294			
Hedge funds				
Equity long/short	1,080			
Event-driven	360			
Global Macro	863			
Relative Value	2,091			
Opportunistic	147			
Total investment measured at the NAV	40,674			
Investment derivative instruments (liabilities)				
Forwards	(20)	$ –	$ (20)	$ –
Options	4	–	4	–
Swaps	17	–	17	–
Total investment derivative instruments	1	$ –	$ 1	$ –
Total*	$ 70,197			

(*)Total Investments on the Statement of Fiduciary Net Position agrees to the total sum of $70,197 on this table, $5,074 of collateral for loaned securities, and $20 of forwards contracts.

As of June 30, 2024	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level (expressed in millions)				
Debt securities				
U.S. Government obligations	$ 5,901	$ 5,901	$ –	$ –
Domestic corporate obligations	2,790	–	2,790	–
International obligations	976	–	976	–
Emerging markets debt	730	–	730	–
Mortgages & mortgage related securities	1,953	–	–	1,953
Total debt securities	12,350	5,901	4,496	1,953
Equity securities				
Domestic stocks (includes REITs)	7,107	7,107	–	–
International stocks (includes (REITs)	6,848	6,848	–	–
Total equity securities	13,955	13,955	–	–
Alternative investment	393	393	–	–
Total investment by fair value level	26,698	$ 20,249	$ 4,496	$ 1,953
Investment measured at the net asset value (NAV)				
Equity Open-End Fund	6,821			
Private funds (includes equity, real estate, credit, energy, infrastructure and timber)	22,309			
Real estate-open ended	4,814			
Multi-asset	258			
Hedge funds				
Equity long/short	1,150			
Event-driven	497			
Global macro	990			
Relative Value	2,064			
Opportunistic	153			
Total investment measured at the NAV	39,056			
Investment derivative instruments (liabilities)				
Forwards	18	$ –	$ 18	$ –
Options	1	–	1	–
Swaps	8	–	8	–
Total investment derivative instruments	27	$ –	$ 27	$ –
***Total**	$ 65,781			

(*)Total Investments on the Statement of Fiduciary Net Position agrees to the total sum of $65,781 on this table, $4,848 of collateral for loaned securities, and -$18 of forwards contracts.

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the following table (in millions):

	As of June 30, 2025				As of June 30, 2024			
	Fair Value	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Private funds (includes equity, energy, credit, infrastructure, timber, commodity and real estate) (1)	**$ 23,437**	**$ 9,606**	**Illiquid**	**Illiquid**	$ 22,309	$ 10,491	Illiquid	Illiquid
Real estate open-end fund (3)	**5,202**	**–**	**Quarterly**	**45 - 90 days**	4,814	–	Quarterly	45 - 90 days
Equity open-end fund (2)	**3,654**	**–**	**Daily**	**1 day**	3,662	–	Daily	1 day
	2,726	**–**	**Monthly**	**5 - 30 days**	2,491	–	Monthly	5 - 30 days
	820	**–**	**Triennially**	**150 days**	668	–	Triennially	150 days
Multi-asset (9)	**294**	**–**	**Monthly**	**5 days**	258	–	Monthly	5 days
Hedge Funds								
Equity long/short (5)	**988**	**–**	**Monthly**	**30 - 45 days**	914	–	Monthly	30 - 45 days
	92	**–**	**Quarterly**	**60 days**	236	–	Quarterly	60 days
Event-driven (6)	**89**	**–**	**N/A**	**Liquidating**	110	–	Quarterly	15 days
	203	**–**	**N/A**	**Liquidating**	246	–	Quarterly	60 - 65 days
	–	**–**	**N/A**	**Liquidating**	11	–	Quarterly	90 days
	51	**–**	**N/A**	**Liquidating**	105	–	Quarterly	120 days +
	17	**–**	**N/A**	**Liquidating**	25	–	N/A	Liquidating
Global macro (4)	**417**	**–**	**Monthly**	**5 - 30 days**	305	–	Monthly	5 - 30 days
	446	**–**	**Monthly**	**60 - 90 days**	585	–	Monthly	60 - 90 days
	–	**–**	**Quarterly**	**60 - 90 days**	100	–	Quarterly	60 - 90 days
Relative value (7)	**151**	**–**	**Monthly**	**30 days**	161	–	Monthly	30 days
	231	**–**	**Monthly**	**90 days**	209	–	Monthly	90 days
	582	**–**	**Quarterly**	**30 days**	542	–	Quarterly	30 days
	1,127	**–**	**Quarterly**	**45 - 90 days**	1,152	–	Quarterly	45 - 90 days
Opportunistic (8)	**146**	**–**	**N/A**	**Liquidating**	152	–	Quarterly	90 days
	1	**–**	**N/A**	**Liquidating**	1	–	Semi Annual	90 - 120 days
	$ 40,674	**$ 9,606**			$ 39,056	$ 10,491		

(1) Private funds (includes equity, real estate, credit, energy, infrastructure, commodities, and timber): This type includes 427 Global private funds, which cannot be redeemed. Instead, distributions are received through the liquidation of the underlying assets of the fund. These funds are valued-based on individual audited financial statements and assumptions used by fund managers.

(2) Equity Open-End Fund: This type includes investments in institutional investment funds, which invest in 1 international developing equity, 6 emerging market equities, and 3 domestic equities. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. Nine funds have a 1 to 30 days liquidity structure and one fund is redeemable in five months with triennial redemption restrictions.

(3) Real estate-open ended: This type includes 10 domestic open-ended real estate funds, which can be liquidated. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets.

(4) Global macro: This category includes 4 hedge funds that invest in over 100 financial markets. The funds are diversified and take long, short and spread positions. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. These assets have a liquidity structure which ranges from 5 to 60 days.

(5) Equity long/short: This type includes investments in 2 hedge funds that invest both long and short primarily in U.S. common stocks. Management of each hedge fund has the ability to shift investment from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. One fund is in liquidation, while the other requires a 30-day notice for monthly redemption proceeds.

(6) Event-driven: This type includes 4 investments of which 1 is a credit hedge fund. This fund invests in equities and bonds of companies and governments at risk of or in the process of reorganizing to profit from economic, political, corporate and government-driven events. The other 3 funds are focused on merger arbitrage and assets across the capital structure. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. The funds have a 15 to 120+ days liquidity structure. All funds are currently in liquidation.

(7) Relative value: This category includes 9 hedge funds with a liquidity structure between 30 and 90 days. Additionally, the category includes one drawdown-style fund with a discrete fund life. These funds invest in a wide range of strategies. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. Two funds are currently in liquidation.

(8) Opportunistic: Currently there are 3 hedge funds in this category, which invest in re-insurance for catastrophe risk (mostly hurricane and earthquake). The funds have a quarterly redemption with a 90-day notice. The fair value of these funds has been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. All funds are currently in liquidation.

(9) Multi-asset: This category includes 1 diversified fund. The fair value of the fund within this type has been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets.

4. DERIVATIVES

In conjunction with the responsibility for implementing the Board's asset allocation strategy, the Chief Investment Officer hires external investment managers or assigns responsibility to managers employed by the Agency. These managers may use derivatives to manage the asset allocation, rebalance the portfolio, equitize cash balances, hedge or manage exposures, or to implement tactical positions. The System invested in swaps, futures, options, forwards, and rights and warrants that are either exchange-traded or over-the-counter instruments. Each investment manager's guidelines outline the permissible use of derivatives, which is monitored by internal staff to ensure compliance. The use of derivatives is permitted to the extent that it does not materially alter total portfolio volatility relative to its benchmark and with reference to variance permitted by guideline. The manager is responsible for collateral management and derivatives must be collateralized with cash, cash equivalents, or current portfolio security holdings.

In addition, the System has exposure to derivatives through the ownership interests in commingled funds. These funds may hold derivatives in the fund and the System does not have control over the investment policy or guidelines of such funds. However, the risk associated with derivative instruments is limited to the capital contributed to the fund.

List of Derivatives Aggregated by Investment Type – At Fair Value as of June 30, 2025

(in Thousands)

	Changes in Fair Value (4)		Fair Value at June 30, 2025		
Derivative Instruments	**Classification**	**Amount (1)**	**Classification**	**Amount (2)**	**Notional (3)**
Commodity Futures Long	Investment Revenue	$ (7,186)	Futures	$ –	$ 554
Credit Default Swaps Written	Investment Revenue	983	Swaps	1,780	54,895
Fixed Income Futures Long	Investment Revenue	(47,196)	Futures	–	6,147,996
Fixed Income Futures Short	Investment Revenue	3,471	Futures	–	(503,597)
Fixed Income Options Bought	Investment Revenue	(1,422)	Options	3,524	377,600
Fixed Income Options Written	Investment Revenue	2,692	Options	(343)	(722,439)
Foreign Currency Futures Short	Investment Revenue	601	Futures	–	–
Foreign Currency Options Bought	Investment Revenue	(348)	Options	–	–
Foreign Currency Options Written	Investment Revenue	375	Options	–	–
Futures Options Bought	Investment Revenue	121	Options	547	1,360
Futures Options Written	Investment Revenue	870	Options	(42)	(142)
FX Forwards	Investment Revenue	(27,673)	Long Term Instruments	(20,530)	11,950,045
Index Futures Long	Investment Revenue	223,193	Futures	–	892
Index Futures Short	Investment Revenue	(52,603)	Futures	–	(646)
Pay Fixed Interest Rate Swaps	Investment Revenue	2,064	Swaps	16,800	317,168
Receive Fixed Interest Rate Swaps	Investment Revenue	3,515	Swaps	(1,403)	700,668
Rights	Investment Revenue	78	Common Stock	–	–
Total Return Swaps Equity	Investment Revenue	73	Swaps	–	–
Warrants	Investment Revenue	–	Common Stock	6	14
Total		**$ 101,608**		**$ 339**	

List of Derivatives Aggregated by Investment Type – At Fair Value as of June 30, 2024

(in Thousands)

	Changes in Fair Value (4)		Fair Value at June 30, 2024		
Derivative Instruments	**Classification**	**Amount (1)**	**Classification**	**Amount (2)**	**Notional (3)**
Commodity Futures Long	Investment Revenue	$ 19,053	Futures	$ –	$ 8,892
Commodity Futures Short	Investment Revenue	(1,114)	Futures	–	–
Credit Default Swaps Written	Investment Revenue	686	Swaps	1,722	51,692
Fixed Income Futures Long	Investment Revenue	(282,990)	Futures	–	4,844,656
Fixed Income Futures Short	Investment Revenue	9,079	Futures	–	(250,843)
Fixed Income Options Bought	Investment Revenue	625	Options	107	150,581
Fixed Income Options Written	Investment Revenue	2,611	Options	(221)	(92,185)
Foreign Currency Futures Short	Investment Revenue	76	Futures	–	(18,000)
Foreign Currency Options Bought	Investment Revenue	319	Options	364	8,000
Foreign Currency Options Written	Investment Revenue	(332)	Options	(362)	(16,000)
Futures Options Bought	Investment Revenue	(939)	Options	8	50
Futures Options Written	Investment Revenue	4,282	Futures	(377)	(167)
FX Forwards	Investment Revenue	19,726	Long Term Instruments	17,811	5,736,248
Index Futures Long	Investment Revenue	271,607	Futures	–	890
Index Futures Short	Investment Revenue	(58,023)	Futures	–	(627)
Index Options Written	Investment Revenue	192	Options	–	–
Pay Fixed Interest Rate Swaps	Investment Revenue	9,303	Swaps	18,108	320,127
Receive Fixed Interest Rate Swaps	Investment Revenue	455	Swaps	(11,816)	453,320
Rights	Investment Revenue	(1,234)	Common Stock	64	67
Warrants	Investment Revenue	–	Common Stock	76	159
Total		$ (6,618)		$ 25,484	

Note: Includes assets invested on behalf of the Mass Transit Administration.

(1) Negative values (in brackets) refer to unrealized losses

(2) Negative values (in brackets) refer to liabilities included in accounts payable and accrued expenses on the Statement of Fiduciary Net Position

(3) Notional may be a dollar amount or size or underlying for futures and options, negative values (in brackets) refer to short positions

(4) Changes in fair value excludes futures margin payments

A. Credit Risk

The use of derivatives exposes the System to credit and counterparty risk due to the risk of counterparties failing to meet the terms of the derivative contracts. To minimize its exposure to losses related to credit and counterparty risk, the external investment managers use counterparty collateral in their non-exchange-traded derivative instruments and monitor the credit worthiness of the counterparties. Netting arrangements are also used when entering into more than one derivative instrument transaction with a counterparty.

The aggregate fair value of derivative instruments with credit exposure at June 30, 2025 and 2024, was $297,601 and $142,674 (in thousands), respectively. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform. The maximum loss would, however, be reduced by the counterparty collateral and the liabilities included in netting arrangements with counterparties.

Counterparty Credit Ratings

The following table lists the counterparty credit ratings of non-exchange traded investment derivative instruments outstanding and may be subject to loss per the ratings issued by S&P Global (S&P), Moody's and Fitch. The aggregate fair value (in thousands) of investment derivative instruments subject to counterparty credit risk as of June 30, 2025 and 2024, is shown below:

As of June 30, 2025

Fair Value	S&P Rating	Fair Value	Moody's Rating	Fair Value	Fitch Rating
$ 103,580	AA-	$ –	Aa1	$ 8,111	AA
56,414	A+	36,069	Aa2	167,940	AA-
57,480	A	61,884	Aa3	121,171	A+
62,261	A-	124,072	A1	153	A
17,866	BBB+	13,824	A2	226	A-
–	NR	61,752	A3	–	BBB+
–		–	NR	–	NR
$ 297,601	*(1)*	$ 297,601	*(1)*	$ 297,601	*(1)*

As of June 30, 2024

Fair Value	S&P Rating	Fair Value	Moody's Rating	Fair Value	Fitch Rating
$ 34,682	AA-	$ 33	Aa1	$ 570	AA
30,640	A+	27,370	Aa2	68,659	AA-
33,424	A	23,011	Aa3	73,399	A+
35,252	A-	56,967	A1	40	A
8,676	BBB+	42	A2	6	A-
–	NR	35,251	A3	–	BBB+
–		–	NR	–	NR
$ 142,674	*(1)*	$ 142,674	*(1)*	$ 142,674	*(1)*

(1) Total Aggregate Fair Value

Risk Concentrations

The following table lists the counterparty risk concentration and credit ratings per ratings of Standard & Poor's (S&P), Moody's and Fitch as of June 30, 2025:

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody`s Rating
ROYAL BANK OF CANADA (UK)	23.9%	AA-	AA-	A1
HSBC BANK PLC	20.8%	A-	A+	A3
BNP PARIBAS	11.5%	A+	A+	A1
STATE STREET BANK LONDON	9.9%	A	AA-	Aa3
THE BANK OF NEW YORK MELLON	9.3%	A	AA-	Aa3
WESTPAC BANKING CORPORATION	8.5%	AA-	AA-	Aa2
TORONTO DOMINION BANK	4.6%	A+	AA-	A2
WELLS FARGO CME	3.6%	BBB+	A+	A1
JPMORGAN CHASE BANK NA LONDON	2.4%	AA-	AA	Aa2
WELLS FARGO LCH	1.9%	BBB+	A+	A1
CITIBANK N.A.	1.6%	A+	A+	Aa3
UBS AG	0.7%	A+	A+	Aa2

Risk Concentrations (continued)

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody`s Rating
WELLS FARGO ICE	0.5%	BBB+	A+	A1
BANK OF AMERICA N.A.	0.3%	A+	AA	Aa2
WELLS FARGO BANK NA	0.2%	A+	AA-	Aa2
MORGAN STANLEY CME	0.1%	A-	A+	A1
DEUTSCHE BANK AG	0.1%	A	A-	A1
BARCLAYS BANK PLC WHOLESALE	0.1%	A+	A+	A1
GOLDMAN SACHS BANK USA	0.1%	BBB+	A	A2

The following table lists the counterparty risk concentration and credit ratings per ratings of Standard & Poor’s (S&P), Moody’s and Fitch as of June 30, 2024:

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody`s Rating
HSBC BANKPLC	24.7%	A-	A+	A3
STATE STREET BANK LONDON	14.5%	A	AA-	A1
WESTPAC BANKING CORPORATION	13.9%	AA-	AA-	Aa2
BNP PARIBAS SA	11.4%	A+	A+	Aa3
THE BANK OF NEW YORK MELLON	8.9%	A	AA-	A1
ROYAL BANK OF CANADA (UK)	7.9%	AA-	AA-	A1
CITIBANK N.A.	4.7%	A+	A+	Aa3
UBS AG	4.5%	A+	A+	Aa2
WELLS FARGO LCH	4.1%	BBB+	A+	A1
TORONTO DOMINION BANK	2.5%	AA-	AA-	A1
WELLS FARGO CME	1.3%	BBB+	A+	A1
WELLS FARGO ICE	0.7%	BBB+	A+	A1
WELLS FARGO BANK NA	0.4%	A+	AA-	Aa2
JPMORGAN CHASE BANK, N.A.	0.3%	A+	AA	Aa2

B. Interest Rate Risk

During fiscal year 2025, the Agency was exposed to interest rate risk. For more details, refer to the Interest Rate Risk Note 3.D.

C. Foreign Currency Risk

The System’s derivatives exposed it to foreign currency risk. For more details refer to the Foreign Currency Risk Note 3.F.

5. CONTRIBUTIONS

The State Personnel and Pensions Article requires both active members and their respective employers to make contributions to the System. Rates for required contributions by active members are established by law. Members of the Teachers' and Employees' Retirement Systems are required to contribute 7% or 5% of earnable compensation depending upon the retirement option selected. Members of the State Police and Judges' Retirement Systems are required to contribute 8% of earnable compensation. Members of the Law Enforcement Officers' Pension System are required to contribute 7% of earnable compensation. Members of the Teachers' and Employees' Pension System, Alternate Contributory Pension Selection (ACPS), are required to contribute 7% of earnable compensation.

However, members of the Employees' Pension System who are employed by a participating governmental unit that elected to remain in the Contributory Pension System are required to contribute 2% of earnable compensation. The members of the Employees' Pension System who are employed by participating governmental units who elected to remain in the Non-Contributory Pension System are only required to contribute 5% of earnable compensation in excess of the social security taxable wage base.

Contribution rates for employer and other "non-employer" contributing entities are established by annual actuarial valuations using the Individual Entry Age Normal Cost method with projection and other actuarial assumptions adopted by the Board of Trustees. These contribution rates have been established as the rates necessary to fully fund normal costs and amortize the unfunded actuarial accrued liability.

The General Assembly passed legislation in 2023 that amended how the unfunded liabilities of the System are amortized. The existing unfunded liability as of June 30, 2023 for each State System will continue to be amortized over a single closed 25-year period ending June 30, 2039. Beginning July 1, 2023, any new unfunded liabilities or surpluses that accrued during the preceding fiscal year are amortized over 10-25 year layers.

Members of the State Police Retirement System (SPRS) and Law Enforcement Officers' Pension System (LEOPS) are eligible to participate in a Deferred Retirement Option Program (DROP). For members who enter the DROP on or after July 1, 2011, the member is deemed retired and the retirement allowance is placed in an account earning 4% interest per year, compounded annually. At the end of the DROP period, the lump sum held in the DROP account is paid to the retiree. The SPRS and LEOPS members must end employment and fully retire at the end of the DROP period. The maximum period of participation is 7 years for SPRS and 7 years for LEOPS. The amount of funds held in the DROP as of June 30, 2025 and 2024, was $55,934,753 and $40,932,782, respectively.

The State of Maryland (which is also a non-employer contributor to the Teachers' Retirement and Pension Systems and the Judges' Retirement System), the Maryland Automobile Insurance Fund, the Injured Workers' Insurance Fund, and more than 150 participating governmental units make all of the employer and other (non-employer) contributions to the System.

6. REFUNDS

Member contributions plus interest may be refunded to a member who withdraws from the System, or to the designated beneficiary following a member's death. Employer contributions may also be refunded with interest to any participating governmental unit electing to withdraw from the System. For the fiscal years ended June 30, 2025 and 2024, refunds to members and withdrawing employers were $116,361 and $107,308 (expressed in thousands), respectively.

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2025 and 2024, accounts payable and accrued expenses consisted of the following components (expressed in thousands):

		2025		2024
Administrative expenses	**$**	**5,558**	$	10,890
Investment management fees		**14,675**		13,701
Tax and other withholdings		**49,583**		46,785
Total	**$**	**69,816**	$	71,376

8. NET PENSION LIABILITY

The components of the net pension liability of the participating employers as of June 30, 2025 and 2024, were as follows:

(expressed in thousands)

		2025		2024
Total Pension Liability (TPL)	**$**	**98,946,595**	$	94,214,144
Plan Fiduciary Net Position		**73,240,774**		67,909,708
Net Pension Liability	**$**	**25,705,821**	$	26,304,436
Ratio - Fiduciary Net Position/TPL		**74.02%**		72.08%

A. Actuarial Assumptions

Inflation	2.5% general, 3% wage.
Salary Increases	3% to 22.5%.
Investment Rate of Return	6.80%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2024 valuation pursuant to the 2024 experience study for the period July 1, 2018 to June 30, 2023.
Mortality	Various versions of the Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2021 fully generational mortality Improvements scale for males and females.

B. Investments

The long-term expected rate of return on pension plan investments was determined using a building- block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant(s) and actuary.

For each major asset class that is included in the System's target asset allocation as of June 30, 2025 and 2024, these best estimates are summarized in the following table:

2025			2024		
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**	**Asset Class**	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Public Equity	34.0%	5.9%	Public Equity	34.0%	6.0%
Private Equity	16.0%	8.5%	Private Equity	16.0%	8.5%
Rate Sensitive	20.0%	3.0%	Rate Sensitive	20.0%	2.4%
Credit Opportunity	9.0%	5.4%	Credit Opportunity	9.0%	5.4%
Real Assets	15.0%	5.9%	Real Assets	15.0%	5.5%
Absolute Return	6.0%	3.8%	Absolute Return	6.0%	3.9%
Total	100.0%		**Total**	100.0%	

The above was the Board of Trustees' adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2025 and 2024.

For the years ended June 30, 2025 and 2024, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 9.83% and 6.89%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability as of June 30, 2025 and 2024. This single discount rate was based on the expected rate of return on pension plan investments of 6.80% as of June 30, 2025 and 2024. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

D. Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the system's net pension liability, calculated using a single discount rate of 6.80%, as well as what the system's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher as of June 30, 2025:

(Expressed in thousands)

System	1% Decrease to 5.80%	Discount Rate 6.80%	1% Increase to 7.80%
Teachers	$ 20,891,592	$ 13,402,908	$ 7,174,422
Employees	14,501,974	10,328,801	6,824,511
State Police	1,504,454	1,074,951	726,196
Judges	219,507	137,541	67,602
LEOPS	1,102,349	761,620	482,564
Total System Net Pension Liability	**$ 38,219,876**	**$ 25,705,821**	**$ 15,275,295**

The following presents the system's net pension liability, calculated using a single discount rate of 6.80%, as well as what the system's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher as of June 30, 2024:

(Expressed in thousands)

System	1% Decrease to 5.80%	Discount Rate 6.80%	1% Increase to 7.80%
Teachers	$ 20,804,414	$ 13,669,635	$ 7,735,653
Employees	14,624,477	10,640,348	7,294,195
State Police	1,493,487	1,083,794	750,718
Judges	214,536	137,158	71,138
LEOPS	1,092,504	773,501	512,419
Total System Net Pension Liability	$ 38,229,418	$ 26,304,436	$ 16,364,123

REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT

SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System
Total pension liability			
Service cost	$ 1,153,053	$ 734,330	$ 58,825
Interest	3,664,242	2,225,839	202,874
Changes of benefit terms	–	–	–
Difference between expected and actual experience	954,645	584,762	62,061
Changes in assumptions	–	–	–
Benefit payments, including refunds of employee contributions	(2,991,732)	(1,968,567)	(160,108)
Net change in total pension liability	2,780,208	1,576,364	163,652
Total pension liability, beginning of year	54,790,125	33,339,895	3,033,248
Total pension liability, end of year (a)	$ 57,570,333	$ 34,916,259	$ 3,196,900
Plan fiduciary net position			
Contributions - employer	$ 1,429,515	$ 1,241,195	$ 130,757
Contributions - members	671,715	422,424	11,914
Net investment income	3,975,544	2,212,907	190,101
Benefit payments, including refunds and administrative expenses	(3,024,938)	(1,992,363)	(160,501)
Net transfer	(4,901)	3,748	224
Net change in plan fiduciary net position	3,046,935	1,887,911	172,495
Plan fiduciary net position - beginning of year	41,120,490	22,699,547	1,949,454
Plan fiduciary net position - end of year (b)	$ 44,167,425	$ 24,587,458	$ 2,121,949
Employer net pension liability (a) - (b)	$ 13,402,908	$ 10,328,801	$ 1,074,951

AND PENSION SYSTEM

EMPLOYERS' NET PENSION LIABILITY

June 30, 2025

Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
$ 25,130	$ 72,159	$ 2,043,497
49,919	155,577	6,298,451
–	–	–
18,631	46,805	1,666,904
–	–	–
(49,376)	(106,618)	(5,276,401)
44,304	167,923	4,732,451
746,026	2,304,850	94,214,144
$ 790,330	$ 2,472,773	$ 98,946,595
$ 29,998	$ 115,989	$ 2,947,454
4,389	19,576	1,130,018
59,008	150,773	6,588,333
(49,472)	(107,465)	(5,334,739)
(2)	931	–
43,921	179,804	5,331,066
608,868	1,531,349	67,909,708
$ 652,789	$ 1,711,153	$ 73,240,774
$ 137,541	$ 761,620	$ 25,705,821

REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT
SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System
Total pension liability			
Service cost	$ 1,088,641	$ 647,073	$ 50,556
Interest	3,430,054	2,072,222	182,813
Changes of benefit terms	–	–	–
Difference between expected and actual experience	1,217,979	1,062,320	175,422
Changes in assumptions	594,822	353,113	39,446
Benefit payments, including refunds of employee contributions	(2,849,095)	(1,870,214)	(154,569)
Net change in total pension liability	3,482,401	2,264,514	293,668
Total pension liability, beginning of year	51,307,724	31,075,381	2,739,580
Total pension liability, end of year (a)	$ 54,790,125	$ 33,339,895	$ 3,033,248
Plan fiduciary net position			
Contributions - employer	$ 1,272,405	$ 1,099,639	$ 115,333
Contributions - members	636,103	385,842	11,393
Net investment income	2,675,562	1,477,788	126,485
Benefit payments, including refunds and administrative expenses	(2,878,851)	(1,890,393)	(154,879)
Net transfer	(5,962)	4,317	75
Net change in plan fiduciary net position	1,699,257	1,077,193	98,407
Plan fiduciary net position - beginning of year	39,421,233	21,622,354	1,851,047
Plan fiduciary net position - end of year (b)	$ 41,120,490	$ 22,699,547	$ 1,949,454
Employer net pension liability (a) - (b)	$ 13,669,635	$ 10,640,348	$ 1,083,794

AND PENSION SYSTEM

EMPLOYERS' NET PENSION LIABILITY

June 30, 2024

Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
$ 24,099	$ 66,836	$ 1,877,205
46,210	142,261	5,873,560
68	–	68
25,935	77,362	2,559,018
5,429	11,932	1,004,742
(46,086)	(103,769)	(5,023,733)
55,655	194,622	6,290,860
690,371	2,110,228	87,923,284
$ 746,026	$ 2,304,850	$ 94,214,144
$ 26,085	$ 104,854	$ 2,618,316
4,255	18,580	1,056,173
39,813	97,127	4,416,775
(46,162)	(104,244)	(5,074,529)
(31)	1,601	–
23,960	117,918	3,016,735
584,908	1,413,431	64,892,973
$ 608,868	$ 1,531,349	$ 67,909,708
$ 137,158	$ 773,501	$ 26,304,436

REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT

SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System
Total pension liability			
Service cost	$ 1,019,621	$ 586,870	$ 48,894
Interest	3,291,757	1,991,421	173,872
Changes of benefit terms	–	–	(2,475)
Difference between expected and actual experience	462,643	399,337	59,413
Changes in assumptions	–	–	–
Benefit payments, including refunds of employee contributions	(2,701,693)	(1,769,402)	(143,691)
Net change in total pension liability	2,072,328	1,208,226	136,013
Total pension liability, beginning of year	49,235,396	29,867,155	2,603,567
Total pension liability, end of year (a)	$ 51,307,724	$ 31,075,381	$ 2,739,580
Plan fiduciary net position			
Contributions - employer	$ 1,228,568	$ 985,126	$ 106,966
Contributions - members	588,395	343,720	10,776
Net investment income	1,204,663	658,279	56,353
Benefit payments, including refunds and administrative expenses	(2,727,551)	(1,788,454)	(144,017)
Net transfer	978	(5,051)	206
Net change in plan fiduciary net position	295,053	193,620	30,284
Plan fiduciary net position - beginning of year	39,126,180	21,428,734	1,820,763
Plan fiduciary net position - end of year (b)	$ 39,421,233	$ 21,622,354	$ 1,851,047
Employer net pension liability (a) - (b)	$ 11,886,491	$ 9,453,027	$ 888,533

AND PENSION SYSTEM
EMPLOYERS' NET PENSION LIABILITY
June 30, 2023

Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
$ 23,026	$ 60,798	$ 1,739,209
43,224	132,606	5,632,880
–	(2,634)	(5,109)
21,695	48,593	991,681
–	–	–
(43,076)	(97,038)	(4,754,900)
44,869	142,325	3,603,761
645,502	1,967,903	84,319,523
$ 690,371	$ 2,110,228	$ 87,923,284
$ 23,675	$ 94,582	$ 2,438,917
3,947	16,864	963,702
17,901	43,081	1,980,277
(43,152)	(97,740)	(4,800,914)
(5)	3,871	(1)
2,366	60,658	581,981
582,542	1,352,773	64,310,992
$ 584,908	$ 1,413,431	$ 64,892,973
$ 105,463	$ 696,797	$ 23,030,311

REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT
SCHEDULE OF CHANGES IN
for the Fiscal Year Ended
(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System
Total pension liability			
Service cost	$ 964,482	$ 521,702	$ 43,951
Interest	3,221,143	1,961,621	169,184
Changes of benefit terms	–	–	–
Difference between expected and actual experience	(549,388)	(357,873)	(6,649)
Changes in assumptions	–	–	–
Benefit payments, including refunds of employee contributions	(2,550,604)	(1,670,739)	(136,375)
Net change in total pension liability	1,085,633	454,711	70,111
Total pension liability, beginning of year	48,149,763	29,412,444	2,533,456
Total pension liability, end of year (a)	$ 49,235,396	$ 29,867,155	$ 2,603,567
Plan fiduciary net position			
Contributions - employer	$ 1,202,102	$ 880,672	$ 95,453
Contributions - members	554,537	311,851	9,843
Net investment income	(1,179,567)	(648,324)	(55,120)
Benefit payments, including refunds and administrative expenses	(2,574,104)	(1,688,310)	(136,676)
Net transfer	2,431	(4,643)	36
Net change in plan fiduciary net position	(1,994,601)	(1,148,754)	(86,464)
Plan fiduciary net position - beginning of year	41,120,781	22,577,488	1,907,227
Plan fiduciary net position - end of year (b)	$ 39,126,180	$ 21,428,734	$ 1,820,763
Employer net pension liability (a) - (b)	$ 10,109,216	$ 8,438,421	$ 782,804

AND PENSION SYSTEM

EMPLOYERS' NET PENSION LIABILITY

June 30, 2022

Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
$ 21,094	$ 53,741	$ 1,604,970
42,059	126,915	5,520,922
–	–	–
(5,498)	(7,880)	(927,288)
–	–	–
(39,934)	(88,234)	(4,485,886)
17,721	84,542	1,712,718
627,781	1,883,361	82,606,805
$ 645,502	$ 1,967,903	$ 84,319,523
$ 22,816	$ 81,260	$ 2,282,303
3,643	14,393	894,267
(17,502)	(41,620)	(1,942,133)
(40,004)	(88,852)	(4,527,946)
(71)	2,247	–
(31,118)	(32,572)	(3,293,509)
613,660	1,385,345	67,604,501
$ 582,542	$ 1,352,773	$ 64,310,992
$ 62,960	$ 615,130	$ 20,008,531

REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT
SCHEDULE OF CHANGES IN
for the Fiscal Year Ended
(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System
Total pension liability			
Service cost	$ 858,844	$ 467,800	$ 38,774
Interest	3,270,336	1,996,318	172,521
Changes of benefit terms	–	–	–
Difference between expected and actual experience	(563,443)	(183,991)	(17,273)
Changes in assumptions	2,065,188	1,199,460	96,021
Benefit payments, including refunds of employee contributions	(2,462,312)	(1,600,822)	(135,414)
Net change in total pension liability	3,168,613	1,878,765	154,629
Total pension liability, beginning of year	44,981,150	27,533,679	2,378,827
Total pension liability, end of year (a)	$ 48,149,763	$ 29,412,444	$ 2,533,456
Plan fiduciary net position			
Contributions - employer	$ 1,153,208	$ 856,219	$ 93,651
Contributions - members	531,931	307,068	9,432
Net investment income	8,699,680	4,795,405	403,734
Benefit payments, including refunds and administrative expenses	(2,485,957)	(1,624,910)	(135,711)
Net transfer	6,907	(7,126)	–
Net change in plan fiduciary net position	7,905,769	4,326,656	371,106
Plan fiduciary net position - beginning of year	33,215,012	18,250,832	1,536,121
Plan fiduciary net position - end of year (b)	$ 41,120,781	$ 22,577,488	$ 1,907,227
Employer net pension liability (a) - (b)	$ 7,028,982	$ 6,834,956	$ 626,229

AND PENSION SYSTEM
EMPLOYERS' NET PENSION LIABILITY
June 30, 2021

Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
$ 19,538	$ 46,320	$ 1,431,276
42,566	125,229	5,606,970
–	–	–
5,450	(10,113)	(769,370)
13,876	93,808	3,468,353
(37,874)	(81,399)	(4,317,821)
43,556	173,845	5,419,408
584,225	1,709,516	77,187,397
$ 627,781	$ 1,883,361	$ 82,606,805
$ 21,277	$ 79,168	$ 2,203,523
3,595	13,714	865,740
129,884	287,059	14,315,762
(37,944)	(82,039)	(4,366,561)
–	219	–
116,812	298,121	13,018,464
496,848	1,087,224	54,586,037
$ 613,660	$ 1,385,345	$ 67,604,501
$ 14,121	$ 498,016	$ 15,002,304

REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT
SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System
Total pension liability			
Service cost	$ 848,894	$ 469,984	$ 38,359
Interest	3,162,069	1,930,920	165,786
Changes of benefit terms	–	–	(50)
Difference between expected and actual experience	(125,435)	54,646	18,073
Changes in assumptions	–	–	–
Benefit payments, including refunds of employee contributions	(2,393,609)	(1,541,672)	(127,446)
Net change in total pension liability	1,491,919	913,878	94,722
Total pension liability, beginning of year	43,489,231	26,619,801	2,284,105
Total pension liability, end of year (a)	$ 44,981,150	$ 27,533,679	$ 2,378,827
Plan fiduciary net position			
Contributions - employer	$ 1,170,248	$ 788,853	$ 91,390
Contributions - members	499,884	324,162	9,277
Net investment income	1,133,679	627,106	52,800
Benefit payments, including refunds and administrative expenses	(2,416,468)	(1,559,154)	(127,736)
Net transfer	24,744	(25,535)	62
Net change in plan fiduciary net position	412,087	155,432	25,793
Plan fiduciary net position - beginning of year	32,802,925	18,095,400	1,510,328
Plan fiduciary net position - end of year (b)	$ 33,215,012	$ 18,250,832	$ 1,536,121
Employer net pension liability (a) - (b)	$ 11,766,138	$ 9,282,847	$ 842,706

AND PENSION SYSTEM

EMPLOYERS' NET PENSION LIABILITY

June 30, 2020

Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
$ 19,399	$ 45,684	$ 1,422,320
41,066	118,154	5,417,995
–	(45)	(95)
(3,166)	11,274	(44,608)
–	–	–
(36,332)	(78,186)	(4,177,245)
20,967	96,881	2,618,367
563,258	1,612,635	74,569,030
$ 584,225	$ 1,709,516	$ 77,187,397
$ 22,708	$ 71,070	$ 2,144,269
3,453	13,522	850,298
17,071	35,985	1,866,641
(36,401)	(78,830)	(4,218,589)
–	728	(1)
6,831	42,475	642,618
490,017	1,044,749	53,943,419
$ 496,848	$ 1,087,224	$ 54,586,037
$ 87,377	$ 622,292	$ 22,601,360

REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT
SCHEDULE OF CHANGES IN
for the Fiscal Year Ended
(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System
Total pension liability			
Service cost	$ 814,019	$ 451,990	$ 34,276
Interest	3,143,018	1,864,909	165,837
Changes of benefit terms	–	–	–
Difference between expected and actual experience	(189,803)	(44,635)	(19,980)
Changes in assumptions	(897,464)	283,109	(42,874)
Benefit payments, including refunds of employee contributions	(2,296,744)	(1,465,626)	(122,447)
Net change in total pension liability	573,026	1,089,747	14,812
Total pension liability, beginning of year	42,916,205	25,530,054	2,269,293
Total pension liability, end of year (a)	$ 43,489,231	$ 26,619,801	$ 2,284,105
Plan fiduciary net position			
Contributions - employer	$ 1,143,586	$ 737,284	$ 86,172
Contributions - members	494,697	288,350	8,579
Net investment income	1,999,259	1,103,927	91,778
Benefit payments, including refunds and administrative expenses	(2,318,939)	(1,482,270)	(122,721)
Net transfer	3,870	(4,830)	(28)
Net change in plan fiduciary net position	1,322,473	642,461	63,780
Plan fiduciary net position - beginning of year	31,480,452	17,452,939	1,446,548
Plan fiduciary net position - end of year (b)	$ 32,802,925	$ 18,095,400	$ 1,510,328
Employer net pension liability (a) - (b)	$ 10,686,306	$ 8,524,401	$ 773,777

AND PENSION SYSTEM
EMPLOYERS' NET PENSION LIABILITY
June 30, 2019

Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
$ 19,173	$ 39,302	$ 1,358,760
41,302	112,806	5,327,872
–	–	–
(5,570)	8,400	(251,588)
(19,037)	(4,959)	(681,225)
(34,540)	(74,265)	(3,993,622)
1,328	81,284	1,760,197
561,930	1,531,351	72,808,833
$ 563,258	$ 1,612,635	$ 74,569,030
$ 21,737	$ 65,314	$ 2,054,093
3,176	12,488	807,290
29,689	63,554	3,288,207
(34,604)	(74,870)	(4,033,404)
–	988	–
19,998	67,474	2,116,186
470,019	977,275	51,827,233
$ 490,017	$ 1,044,749	$ 53,943,419
$ 73,241	$ 567,886	$ 20,625,611

REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT
SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System
Total pension liability			
Service cost	$ 791,979	$ 441,284	$ 32,285
Interest	3,070,454	1,824,968	161,440
Changes of benefit terms	–	–	(2,167)
Difference between expected and actual experience	(466,863)	(204,581)	1,513
Changes in assumptions	92,669	55,131	2,013
Benefit payments, including refunds of employee contributions	(2,205,310)	(1,381,043)	(122,720)
Net change in total pension liability	1,282,929	735,759	72,364
Total pension liability, beginning of year	41,633,276	24,794,295	2,196,929
Total pension liability, end of year (a)	$ 42,916,205	$ 25,530,054	$ 2,269,293
Plan fiduciary net position			
Contributions - employer	$ 1,122,986	$ 707,194	$ 80,241
Contributions - members	484,923	283,670	8,063
Net investment income	2,364,521	1,318,438	109,405
Benefit payments, including refunds and administrative expenses	(2,223,399)	(1,395,375)	(122,963)
Net transfer	229	(1,653)	21
Net change in plan fiduciary net position	1,749,260	912,274	74,767
Plan fiduciary net position - beginning of year	29,731,192	16,540,665	1,371,781
Plan fiduciary net position - end of year (b)	$ 31,480,452	$ 17,452,939	$ 1,446,548
Employer net pension liability (a) - (b)	$ 11,435,753	$ 8,077,115	$ 822,745

AND PENSION SYSTEM

EMPLOYERS' NET PENSION LIABILITY

June 30, 2018

Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
$ 18,482	$ 36,988	$ 1,321,018
40,740	106,465	5,204,067
–	4,566	2,399
(14,982)	13,780	(671,133)
(139)	4,655	154,329
(32,009)	(71,650)	(3,812,732)
12,092	94,804	2,197,948
549,838	1,436,547	70,610,885
$ 561,930	$ 1,531,351	$ 72,808,833
$ 22,465	$ 62,131	$ 1,995,017
3,071	11,855	791,582
35,195	71,834	3,899,393
(32,063)	(72,143)	(3,845,943)
–	1,403	–
28,668	75,080	2,840,049
441,351	902,195	48,987,184
$ 470,019	$ 977,275	$ 51,827,233
$ 91,911	$ 554,076	$ 20,981,600

REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT
SCHEDULE OF CHANGES IN
for the Fiscal Year Ended
(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System
Total pension liability			
Service cost	$ 777,084	$ 444,566	$ 32,324
Interest	3,010,496	1,806,261	160,396
Changes of benefit terms	–	–	–
Difference between expected and actual experience	(644,543)	(545,442)	(45,314)
Changes in assumptions	76,937	47,996	1,438
Benefit payments, including refunds of employee contributions	(2,120,119)	(1,305,891)	(118,833)
Net change in total pension liability	1,099,855	447,490	30,011
Total pension liability, beginning of year	40,533,421	24,346,805	2,166,918
Total pension liability, end of year (a)	$ 41,633,276	$ 24,794,295	$ 2,196,929
Plan fiduciary net position			
Contributions - employer	$ 1,137,472	$ 730,506	$ 83,000
Contributions - members	477,194	282,742	7,996
Net investment income	2,710,602	1,516,095	125,128
Benefit payments, including refunds and administrative expenses	(2,136,132)	(1,319,014)	(118,531)
Net transfer	(157)	(1,117)	56
Net change in plan fiduciary net position	2,188,979	1,209,212	97,649
Plan fiduciary net position - beginning of year	27,542,213	15,331,453	1,274,132
Plan fiduciary net position - end of year (b)	$ 29,731,192	$ 16,540,665	$ 1,371,781
Employer net pension liability (a) - (b)	$ 11,902,084	$ 8,253,630	$ 825,148

AND PENSION SYSTEM

EMPLOYERS' NET PENSION LIABILITY

June 30, 2017

Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
$ 18,225	$ 36,059	$ 1,308,258
40,009	102,873	5,120,035
–	–	–
(13,325)	(18,348)	(1,266,972)
(136)	3,940	130,175
(31,253)	(64,468)	(3,640,564)
13,520	60,056	1,650,932
536,318	1,376,491	68,959,953
$ 549,838	$ 1,436,547	$ 70,610,885
$ 21,861	$ 60,473	$ 2,033,312
3,004	11,753	782,689
40,128	81,490	4,473,443
(31,302)	(63,207)	(3,668,186)
(2)	1,220	–
33,689	91,729	3,621,258
407,662	810,466	45,365,926
$ 441,351	$ 902,195	$ 48,987,184
$ 108,487	$ 534,352	$ 21,623,701

REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND STATE RETIREMENT

SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System
Total pension liability			
Service cost	$ 763,578	$ 439,705	$ 30,309
Interest	2,914,637	1,737,109	155,993
Changes of benefit terms	–	–	–
Difference between expected and actual experience	(327,577)	16,870	(8,573)
Changes in assumptions	–	–	–
Benefit payments, including refunds of employee contributions	(2,056,256)	(1,255,358)	(121,917)
Net change in total pension liability	1,294,382	938,326	55,812
Total pension liability, beginning of year	39,239,039	23,408,479	2,111,106
Total pension liability, end of year (a)	$ 40,533,421	$ 24,346,805	$ 2,166,918
Plan fiduciary net position			
Contributions - employer	$ 1,084,049	$ 640,943	$ 72,320
Contributions - members	464,470	278,944	7,251
Net investment income	301,774	168,775	13,806
Benefit payments, including refunds and administrative expenses	(2,071,845)	(1,267,809)	(122,123)
Net transfer	(163)	(191)	41
Net change in plan fiduciary net position	(221,715)	(179,338)	(28,705)
Plan fiduciary net position - beginning of year	27,763,928	15,510,791	1,302,837
Plan fiduciary net position - end of year (b)	$ 27,542,213	$ 15,331,453	$ 1,274,132
Employer net pension liability (a) - (b)	$ 12,991,208	$ 9,015,352	$ 892,786

AND PENSION SYSTEM
EMPLOYERS' NET PENSION LIABILITY

June 30, 2016

Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
$ 17,295	$ 34,001	$ 1,284,888
37,910	97,371	4,943,020
–	–	–
2,999	4,629	(311,652)
–	–	–
(30,487)	(63,837)	(3,527,855)
27,717	72,164	2,388,401
508,601	1,304,327	66,571,552
$ 536,318	$ 1,376,491	$ 68,959,953
$ 18,384	$ 54,959	$ 1,870,655
2,863	10,886	764,414
4,415	8,761	497,531
(30,532)	(64,205)	(3,556,514)
–	313	–
(4,870)	10,714	(423,914)
412,532	799,752	45,789,840
$ 407,662	$ 810,466	$ 45,365,926
$ 128,656	$ 566,025	$ 23,594,027

SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2025

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Total pension liability	$ 57,570,333	$ 34,916,259	$ 3,196,900	$ 790,330	$ 2,472,773	$ 98,946,595
Plan fiduciary net position	(44,167,425)	(24,587,458)	(2,121,949)	(652,789)	(1,711,153)	(73,240,774)
Employer net pension liability	$ 13,402,908	$ 10,328,801	$ 1,074,951	$ 137,541	$ 761,620	$ 25,705,821
Plan fiduciary net position as a percentage of the total pension liability	76.72%	70.42%	66.38%	82.60%	69.20%	74.02%
Covered payroll	$ 9,537,248	$ 6,629,746	$ 151,105	$ 63,061	$ 279,542	$ 16,660,702
Employer net pension liability as a percent of covered payroll	140.53%	155.79%	711.39%	218.11%	272.45%	154.29%

SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2024

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Total pension liability	$ 54,790,125	$ 33,339,895	$ 3,033,248	$ 746,026	$ 2,304,850	$ 94,214,144
Plan fiduciary net position	(41,120,490)	(22,699,547)	(1,949,454)	(608,868)	(1,531,349)	(67,909,708)
Employer net pension liability	$ 13,669,635	$ 10,640,348	$ 1,083,794	$ 137,158	$ 773,501	$ 26,304,436
Plan fiduciary net position as a percentage of the total pension liability	75.05%	68.09%	64.27%	81.61%	66.44%	72.08%
Covered payroll	$ 9,102,349	$ 6,074,382	$ 145,026	$ 61,181	$ 267,415	$ 15,650,353
Employer net pension liability as a percent of covered payroll	150.18%	175.17%	747.31%	224.18%	289.25%	168.08%

SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS
for the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Total pension liability	$ 51,307,724	$ 31,075,381	$ 2,739,580	$ 690,371	$ 2,110,228	$ 87,923,284
Plan fiduciary net position	(39,421,233)	(21,622,354)	(1,851,047)	(584,908)	(1,413,431)	(64,892,973)
Employer net pension liability	$ 11,886,491	$ 9,453,027	$ 888,533	$ 105,463	$ 696,797	$ 23,030,311
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.58%	67.57%	84.72%	66.98%	73.81%
Covered payroll	$ 8,468,612	$ 5,475,886	$ 139,458	$ 58,696	$ 241,937	$ 14,384,589
Employer net pension liability as a percent of covered payroll	140.36%	172.63%	637.13%	179.68%	288.01%	160.10%

SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS
for the Fiscal Year Ended June 30, 2022
(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Total pension liability	$ 49,235,396	$ 29,867,155	$ 2,603,567	$ 645,502	$ 1,967,903	$ 84,319,523
Plan fiduciary net position	(39,126,180)	(21,428,734)	(1,820,763)	(582,542)	(1,352,773)	(64,310,992)
Employer net pension liability	$ 10,109,216	$ 8,438,421	$ 782,804	$ 62,960	$ 615,130	$ 20,008,531
Plan fiduciary net position as a percentage of the total pension liability	79.47%	71.75%	69.93%	90.25%	68.74%	76.27%
Covered payroll	$ 7,957,775	$ 4,852,737	$ 124,367	$ 53,934	$ 213,003	$ 13,201,816
Employer net pension liability as a percent of covered payroll	127.04%	173.89%	629.43%	116.74%	288.79%	151.56%

SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2021

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Total pension liability	$ 48,149,763	$ 29,412,444	$ 2,533,456	$ 627,781	$ 1,883,361	$ 82,606,805
Plan fiduciary net position	(41,120,781)	(22,577,488)	(1,907,227)	(613,660)	(1,385,345)	(67,604,501)
Employer net pension liability	$ 7,028,982	$ 6,834,956	$ 626,229	$ 14,121	$ 498,016	$ 15,002,304
Plan fiduciary net position as a percentage of the total pension liability	85.40%	76.76%	75.28%	97.75%	73.56%	81.84%
Covered payroll	$ 7,688,846	$ 4,689,819	$ 119,048	$ 52,073	$ 199,460	$ 12,749,246
Employer net pension liability as a percent of covered payroll	91.42%	145.74%	526.03%	27.12%	249.68%	117.67%

SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Total pension liability	$ 44,981,150	$ 27,533,679	$ 2,378,827	$ 584,225	$ 1,709,516	$ 77,187,397
Plan fiduciary net position	(33,215,012)	(18,250,832)	(1,536,121)	(496,848)	(1,087,224)	(54,586,037)
Employer net pension liability	$ 11,766,138	$ 9,282,847	$ 842,706	$ 87,377	$ 622,292	$ 22,601,360
Plan fiduciary net position as a percentage of the total pension liability	73.84%	66.29%	64.57%	85.04%	63.60%	70.72%
Covered payroll	$ 7,492,465	$ 4,646,134	$ 116,274	$ 51,882	$ 194,667	$ 12,501,422
Employer net pension liability as a percent of covered payroll	157.04%	199.80%	724.76%	168.41%	319.67%	180.79%

SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2019

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Total pension liability	$ 43,489,231	$ 26,619,801	$ 2,284,105	$ 563,258	$ 1,612,635	$ 74,569,030
Plan fiduciary net position	(32,802,925)	(18,095,400)	(1,510,328)	(490,017)	(1,044,749)	(53,943,419)
Employer net pension liability	$ 10,686,306	$ 8,524,401	$ 773,777	$ 73,241	$ 567,886	$ 20,625,611
Plan fiduciary net position as a percentage of the total pension liability	75.43%	67.98%	66.12%	87.00%	64.79%	72.34%
Covered payroll	$ 7,153,063	$ 4,415,523	$ 106,978	$ 48,935	$ 180,964	$ 11,905,463
Employer net pension liability as a percent of covered payroll	149.39%	193.06%	723.30%	149.67%	313.81%	173.24%

SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2018

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Total pension liability	$ 42,916,205	$ 25,530,054	$ 2,269,293	$ 561,930	$ 1,531,351	$ 72,808,833
Plan fiduciary net position	(31,480,452)	(17,452,939)	(1,446,548)	(470,019)	(977,275)	(51,827,233)
Employer net pension liability	$ 11,435,753	$ 8,077,115	$ 822,745	$ 91,911	$ 554,076	$ 20,981,600
Plan fiduciary net position as a percentage of the total pension liability	73.35%	68.36%	63.74%	83.64%	63.82%	71.18%
Covered payroll	$ 6,941,097	$ 4,306,746	$ 100,325	$ 47,498	$ 170,556	$ 11,566,222
Employer net pension liability as a percent of covered payroll	164.75%	187.55%	820.08%	193.50%	324.86%	181.40%

SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2017

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Total pension liability	$ 41,633,276	$ 24,794,295	$ 2,196,929	$ 549,838	$ 1,436,547	$ 70,610,885
Plan fiduciary net position	(29,731,192)	(16,540,665)	(1,371,781)	(441,351)	(902,195)	(48,987,184)
Employer net pension liability	$ 11,902,084	$ 8,253,630	$ 825,148	$ 108,487	$ 534,352	$ 21,623,701
Plan fiduciary net position as a percentage of the total pension liability	71.41%	66.71%	62.44%	80.27%	62.80%	69.38%
Covered payroll	$ 6,780,838	$ 4,324,315	$ 100,384	$ 46,876	$ 166,561	$ 11,418,974
Employer net pension liability as a percent of covered payroll	175.53%	190.87%	821.99%	231.43%	320.81%	189.37%

SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2016

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Total pension liability	$ 40,533,421	$ 24,346,805	$ 2,166,918	$ 536,318	$ 1,376,491	$ 68,959,953
Plan fiduciary net position	(27,542,213)	(15,331,453)	(1,274,132)	(407,662)	(810,466)	(45,365,926)
Employer net pension liability	$ 12,991,208	$ 9,015,352	$ 892,786	$ 128,656	$ 566,025	$ 23,594,027
Plan fiduciary net position as a percentage of the total pension liability	67.95%	62.97%	58.80%	76.01%	58.88%	65.79%
Covered payroll	$ 6,611,038	$ 4,250,288	$ 93,491	$ 44,711	$ 156,396	$ 11,155,924
Employer net pension liability as a percent of covered payroll	196.51%	212.11%	954.94%	287.75%	361.92%	211.49%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS
for the Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Actuarially determined contribution	$ 1,429,515	$ 1,241,195	$ 130,757	$ 29,998	$ 115,989	$ 2,947,454
Actual contribution	(1,429,515)	(1,241,195)	(130,757)	(29,998)	(115,989)	(2,947,454)
Contribution deficiency	$ –	$ –	$ –	$ –	$ –	$ –
Covered payroll	$ 9,537,248	$ 6,629,746	$ 151,105	$ 63,061	$ 279,542	$ 16,660,702
Actual contribution as a percent of covered payroll	14.99%	18.72%	86.53%	47.57%	41.49%	17.69%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS
for the Fiscal Year Ended June 30, 2024
(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Actuarially determined contribution	$ 1,272,405	$ 1,099,639	$ 115,333	$ 26,085	$ 104,854	$ 2,618,316
Actual contribution	(1,272,405)	(1,099,639)	(115,333)	(26,085)	(104,854)	(2,618,316)
Contribution deficiency	$ –	$ –	$ –	$ –	$ –	$ –
Covered payroll	$ 9,102,349	$ 6,074,382	$ 145,026	$ 61,181	$ 267,415	$ 15,650,353
Actual contribution as a percent of covered payroll	13.98%	18.10%	79.53%	42.64%	39.21%	16.73%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS
for the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Actuarially determined contribution	$ 1,228,568	$ 985,126	$ 106,966	$ 23,675	$ 94,582	$ 2,438,917
Actual contribution	(1,228,568)	(985,126)	(106,966)	(23,675)	(94,582)	(2,438,917)
Contribution deficiency	$ –	$ –	$ –	$ –	$ –	$ –
Covered payroll	$ 8,468,612	$ 5,475,886	$ 139,458	$ 58,696	$ 241,937	$ 14,384,589
Actual contribution as a percent of covered payroll	14.51%	17.99%	76.70%	40.33%	39.09%	16.96%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS
for the Fiscal Year Ended June 30, 2022

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Actuarially determined contribution	$ 1,202,102	$ 880,672	$ 95,453	$ 22,816	$ 81,260	$ 2,282,303
Actual contribution	(1,202,102)	(880,672)	(95,453)	(22,816)	(81,260)	(2,282,303)
Contribution deficiency	$ –	$ –	$ –	$ –	$ –	–
Covered payroll	$ 7,957,775	$ 4,852,737	$ 124,367	$ 53,934	$ 213,003	$ 13,201,816
Actual contribution as a percent of covered payroll	15.11%	18.15%	76.75%	42.30%	38.15%	17.29%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS
for the Fiscal Year Ended June 30, 2021

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Actuarially determined contribution	$ 1,153,208	$ 856,219	$ 93,651	$ 21,277	$ 79,168	$ 2,203,523
Actual contribution	(1,153,208)	(856,219)	(93,651)	(21,277)	(79,168)	(2,203,523)
Contribution deficiency	$ –	$ –	$ –	$ –	$ –	$ –
Covered payroll	$ 7,688,846	$ 4,689,819	$ 119,048	$ 52,073	$ 199,460	$ 12,749,246
Actual contribution as a percent of covered payroll	15.00%	18.26%	78.67%	40.86%	39.69%	17.28%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS
for the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Actuarially determined contribution	$ 1,170,248	$ 788,853	$ 91,390	$ 22,708	$ 71,070	$ 2,144,269
Actual contribution	(1,170,248)	(788,853)	(91,390)	(22,708)	(71,070)	(2,144,269)
Contribution deficiency	$ –	$ –	$ –	$ –	$ –	$ –
Covered payroll	$ 7,492,465	$ 4,646,134	$ 116,274	$ 51,882	$ 194,667	$ 12,501,422
Actual contribution as a percent of covered payroll	15.62%	16.98%	78.60%	43.77%	36.51%	17.15%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS
for the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Actuarially determined contribution	$ 1,143,586	$ 737,284	$ 86,172	$ 21,737	$ 65,314	$ 2,054,093
Actual contribution	(1,143,586)	(737,284)	(86,172)	(21,737)	(65,314)	(2,054,093)
Contribution deficiency	$ –	$ –	$ –	$ –	$ –	$ –
Covered payroll	$ 7,153,063	$ 4,415,523	$ 106,978	$ 48,935	$ 180,964	$ 11,905,463
Actual contribution as a percent of covered payroll	15.99%	16.70%	80.55%	44.42%	36.09%	17.25%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS
for the Fiscal Year Ended June 30, 2018
(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Actuarially determined contribution	$ 1,122,986	$ 707,194	$ 80,241	$ 22,465	$ 62,131	$ 1,995,017
Actual contribution	(1,122,986)	(707,194)	(80,241)	(22,465)	(62,131)	(1,995,017)
Contribution deficiency	$ –	$ –	$ –	$ –	$ –	$ –
Covered payroll	$ 6,941,097	$ 4,306,746	$ 100,325	$ 47,498	$ 170,556	$ 11,566,222
Actual contribution as a percent of covered payroll	16.18%	16.42%	79.98%	47.30%	36.43%	17.25%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS
for the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Actuarially determined contribution	$ 1,137,472	$ 730,506	$ 83,000	$ 21,861	$ 60,473	$ 2,033,312
Actual contribution	(1,137,472)	(730,506)	(83,000)	(21,861)	(60,473)	(2,033,312)
Contribution deficiency	$ –	$ –	$ –	$ –	$ –	$ –
Covered payroll	$ 6,780,838	$ 4,324,315	$ 100,384	$ 46,876	$ 166,561	$ 11,418,974
Actual contribution as a percent of covered payroll	16.77%	16.89%	82.68%	46.64%	36.31%	17.81%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS AND RELATED RATIOS

for the Fiscal Year Ended June 30, 2016

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System	Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
Actuarially determined contribution	$ 1,112,989	$ 689,431	$ 72,320	$ 18,384	$ 54,959	$ 1,948,083
Actual contribution	(1,084,049)	(640,943)	(72,320)	(18,384)	(54,959)	(1,870,655)
Contribution deficiency (excess)	$ 28,940	$ 48,488	$ –	$ –	$ –	$ 77,428
Covered payroll	$ 6,611,038	$ 4,250,288	$ 93,491	$ 44,711	$ 156,396	$ 11,155,924
Actual contribution as a percent of covered payroll	16.40%	15.08%	77.36%	41.12%	35.14%	16.77%

SCHEDULE OF INVESTMENT RETURNS

Fiscal Year Ended	Annual Money-Weighted Rate of Return, Net of Investment Expenses
2016	1.16%
2017	10.02%
2018	8.08%
2019	6.44%
2020	3.50%
2021	26.69%
2022	-2.97%
2023	3.11%
2024	6.89%
2025	9.83%

(*) This disclosure is intended to capture performance net of pension plan investment expense, which has been adjusted for changing amounts actually invested, taking into consideration benefit payments and contributions. Currently, the Agency is experiencing net outflows resulting in contributions being used to pay benefits rather than flowing through invested funds; therefore, there is minimal variation between this schedule and the time-weighted rates of return presented in the Investment Section of this report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1 ACTUARIAL METHODS AND ASSUMPTIONS

A. Funding Method

All six Systems use the individual entry age normal method to determine costs. Under this funding method, a total contribution rate is determined which consists of two elements, the normal cost rate and the Unfunded Actuarial Accrued Liability (UAAL) rate.

The individual Entry Age Normal cost rate is determined as the value, as of age at entry into the plan, of the member's projected future benefits, and divided by the value, also as of the member's entry age, of the member's expected future salary. For purposes of calculating the normal cost rate, the same benefit accrual rates used to calculate the present value of future benefits are used to calculate the normal cost. The benefit provisions applicable to each member are used in developing his/her individual normal cost rate.

In addition to contributions required to meet the System's normal cost, contributions will be required to fund the System's unfunded actuarial accrued liability. Actuarial liability is defined as the present value of future benefits less the present value of future normal costs. The unfunded actuarial accrued liability for all members is the actuarial liability less the actuarial value of the System's assets.

The System's unfunded actuarial accrued liability is funded over a 25-year closed amortization period ending June 30, 2039 (13 years remaining as of the June 30, 2025 valuation date) as a level percentage of payroll.

There is an additional component in the Unfunded Actuarial Accrued Liability amortization contribution rate that accounts for the effects of the lag between the valuation date and when the contribution is made. This calculation assumes the contributions that would be received in fiscal year 2025 are equal to the budgeted contributions developed in the valuation as of June 30, 2023, plus the proportionate share of reinvested savings allocated to each System for fiscal year 2025 under the pension reforms.

A portion of the savings from the 2011 pension reforms passed by the General Assembly are to be reinvested as additional contributions into the Systems. Subsequent legislation ultimately eliminated the reinvested savings effective July 1, 2025.

B. Asset Valuation Method

All six Systems use a method based on the principle that the difference between actual and expected investment returns should be subject to partial recognition to smooth out fluctuations in the total return achieved by the fund from year to year. Under this method, the actuarial value of assets reflects annually one-fifth of the market value gains or losses for the five prior years. The resulting value is restricted to be not less than 80% of market value nor greater than 120% of market value.

C. Actuarial Assumptions

The assumptions used for the actuarial valuation were recommended by the System's independent actuary, based upon periodic analyses of the System's experience, and adopted by the Board of Trustees. The most recent analysis of the System's experience was performed in 2024 and latest assumptions were adopted for the June 30, 2024 valuation. Differences between assumed and actual experience (i.e., actuarial gains and losses) are part of the unfunded actuarial liability. These changes first affected the 2024 actuarial valuation which computes the employer contribution for fiscal year 2026. There were no assumption or benefit changes since the previous measurement date. The actuarial assumptions used to determine contribution rates for the fiscal year ending June 30, 2025 were as follows:

Valuation Date:	June 30, 2023
Inflation:	2.25% general, 2.75% wage
Salary Increases:	2.75% to 11.25% including inflation
Investment Rate of Return:	6.80%
Mortality:	Various versions of the Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2018 fully generational mortality improvement scale.

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

(Expressed in Thousands)

Actuarial Valuation Date June 30,	Actuarial Value of Assets a	Actuarial Accrued Liability (AAL) b	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll c	UAAL as a Percentage of Covered Payroll [(b - a) / c]
2016	$ 47,803,679	$ 67,781,924	$ 19,978,245	70.53%	$ 11,155,924	179%
2017	50,250,465	69,986,576	19,736,111	71.80%	11,418,974	173%
2018	52,586,528	72,574,689	19,988,161	72.46%	11,566,222	173%
2019	54,361,969	74,526,000	20,164,031	72.94%	11,905,463	169%
2020	56,246,776	76,471,035	20,224,259	73.55%	12,501,422	162%
2021	62,817,938	81,738,557	18,920,619	76.85%	12,749,246	148%
2022	65,798,923	85,248,064	19,449,141	77.19%	13,201,816	147%
2023	67,985,366	90,319,369	22,334,003	75.27%	14,384,589	155%
2024	70,325,764	95,774,916	25,449,152	73.43%	15,650,353	163%
2025	73,837,490	99,884,084	26,046,594	73.92%	16,660,702	156%

DESCRIPTION OF SCHEDULE OF FUNDING PROGRESS

The Schedule of Funding Progress summarizes the actuarial value of the System's assets and actuarial accrued liability as of the June 30, 2025 actuarial valuation date and each of the 10 preceding years. The data presented in the schedule was obtained from the System's independent actuary's annual valuation report for each year presented.

The schedule is presented to provide a consistent basis for measuring the System's annual progress toward funding its actuarial accrued liability in accordance with its actuarial funding method. The primary measure of funding progress is the System's funded ratio (i.e., actuarial value of assets expressed as a percentage of the actuarial accrued liability). An increase in the funded ratio indicates improvement in the System's ability to pay all projected benefits as they become due. The System is fully funded if the funded ratio is greater than or equal to 100 percent. During the year ended June 30, 2025, the System's funded ratio increased from 73.43% to 73.92%.

The Schedule of Funding Progress also discloses the relationship between the System's covered payroll (i.e., all elements included in compensation paid to active members on which contributions are based) and the unfunded actuarial accrued liability. This relationship, expressed as a ratio, is a measure of the significance of the unfunded actuarial accrued liability relative to the capacity to contribute based on the active participants covered payroll. During the year ended June 30, 2025, the System's ratio of the unfunded actuarial accrued liability to its covered payroll decreased from 163% to 156%.

Fund Balance Accounts

As provided by law, all System assets must be credited, according to the purpose for which they are held, to either the Annuity Savings Fund, the Accumulation Fund, or the Expense Fund. These funds are classified as accounts for financial reporting purposes and are further explained as follows:

Annuity Savings Fund

Members’ contributions together with interest thereon, at statutory interest rates, are credited to the Annuity Savings Fund. Upon retirement, members’ accumulated contributions and interest are transferred from the Annuity Savings Fund to the Accumulation Fund.

Accumulation Fund

Contributions made by employers, other contributions and investment income are credited to the Accumulation Fund. All retirement, disability, and death benefits are paid from this Fund.

Expense Fund

All of the System’s administrative and investment management expenses are recorded in the Expense Fund. During the year, the System’s investment expenses are covered by funds transferred from the Accumulation Fund, and the System’s administrative expenses are covered by administrative fees assessed and collected from each participating employer into the Accumulation Fund and transferred to the Expense Fund to cover annual operating and administrative expenses of the System.

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

SCHEDULE OF ADMINISTRATIVE EXPENSES

for the Fiscal Years Ended June 30, 2025 and 2024

(Expressed in Thousands)

	2025	2024
Personnel services		
Staff salaries	**$ 26,712**	$ 22,624
Fringe benefits	**11,400**	10,283
Total personnel services	**38,112**	32,907
Professional and contractual services		
Actuarial services	**498**	143
Legal and financial services	**8,117**	5,981
Consulting services	**8**	–
Data processing services	**4,004**	3,661
Other contractual services	**1,109**	3,362
Total professional and contractual services	**13,736**	13,147
Miscellaneous		
Communications	**993**	697
Rent	**2,097**	2,049
Equipment and supplies	**960**	320
Other	**2,440**	1,676
Total miscellaneous	**6,490**	4,742
Total Administrative Expenses	**$ 58,338**	$ 50,796

SCHEDULE OF INVESTMENT EXPENSES

for the Fiscal Years Ended June 30, 2025 and 2024

(Expressed in Thousands)

	Management Fees for 2025	**Incentive Fees for 2025**	**Total**	Management Fees for 2024	Incentive Fees for 2024	Total
Investment advisors						
Public equity	**$ 73,584**	**$ 42,096**	**$ 115,680**	$ 68,056	$ 11,494	$ 79,550
Rate sensitive	**17,499**	**7,640**	**25,139**	17,085	15,294	32,379
Credit opportunity	**35,801**	**21**	**35,822**	28,873	419	29,292
Real return	**22,270**	**–**	**22,270**	23,282	–	23,282
Absolute return	**45,637**	**53,948**	**99,585**	46,347	25,708	72,055
Commodity	**–**	**–**	**–**	–	622	622
Multi asset	**1,207**	**–**	**1,207**	1,110	–	1,110
Private equity	**137,385**	**–**	**137,385**	133,621	–	133,621
Real estate	**47,273**	**2,019**	**49,292**	50,016	3,068	53,084
Total investment advisory fees	**380,656**	**105,724**	**486,380**	368,390	56,605	424,995
Other investment service fees						
Currency overlay	**4,625**	**–**	**4,625**	3,699	–	3,699
Other investment expenses	**4,354**	**–**	**4,354**	5,467	–	5,467
Total other investment service fees	**8,979**	**–**	**8,979**	9,166	–	9,166
Total Investment Expenses	**$ 389,635**	**$ 105,724**	**$ 495,359**	$ 377,556	$ 56,605	$ 434,161

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

SCHEDULE OF FUND BALANCES
for the Fiscal Year Ended June 30, 2025 (with Comparative 2024 Totals)
(Expressed in Thousands)

	Annuity Savings Fund	Accumulation Fund	Expense Fund	Totals 2025	Totals 2024
Fund Balances, Beginning of Year	**$ 13,212,946**	**$ 54,695,135**	**$ 1,627**	**$ 67,909,708**	**$ 64,892,973**
Additions					
Net investment income (loss)	–	**7,083,692**	**(495,359)**	**6,588,333**	4,416,775
Contributions (Note 5):				**–**	
Employers	–	**1,958,783**	**27,894**	**1,986,677**	1,834,051
Members	**1,130,018**	–	–	**1,130,018**	1,056,173
State contributions on behalf of local governments	–	**960,777**	–	**960,777**	784,265
Deductions					
Benefit payments	–	**(5,160,040)**	–	**(5,160,040)**	(4,916,425)
Refunds (Note 6)	**(116,361)**	–	–	**(116,361)**	(107,308)
Administrative expenses (Note 2)	–	**(21,217)**	**(37,121)**	**(58,338)**	(50,796)
Transfers					
From the Accumulation Fund to the Annuity Savings Fund for interest credited to members' accounts	**644,757**	**(644,757)**	–	–	–
To the Accumulation Fund from the Annuity Savings Fund for contributions of retiring members	**(666,887)**	**666,887**	–	–	–
From the Accumulation Fund to the Expense Fund for administrative and investment expenses	–	**(495,359)**	**495,359**	–	–
Net changes in fund balances	**991,527**	**4,348,766**	**(9,227)**	**5,331,066**	3,016,735
Fund Balances, End of Year	**$ 14,204,473**	**$ 59,043,901**	**$ (7,600)**	**$ 73,240,774**	$ 67,909,708

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MARYLAND STATE RETIREMENT
SCHEDULE OF FIDUCIARY NET

as of June 30, 2025

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System
ASSETS			
Cash & cash equivalents (note 3)	$ 1,552,892	$ 914,462	$ 77,559
Receivables:			
Contributions:			
Employers	47,425	52,686	6,696
Members	1,684	14,448	463
Accrued investment income	210,129	117,137	10,083
Investment sales proceeds	526,934	293,740	25,285
Due from other systems	82,571	70,209	644
Total receivables	868,743	548,220	43,171
Investments, at fair value (Notes 2 & 3)			
U.S. Government obligations	3,591,862	1,996,971	171,923
Domestic corporate obligations	1,710,348	950,904	81,865
International obligations	1,036,596	576,317	49,617
Domestic stocks	7,222,869	4,015,706	345,720
International stocks	7,059,982	3,925,146	337,924
Mortgages & mortgage-related securities	1,308,423	727,445	62,628
Alternative investments	20,448,481	11,368,764	978,759
Collateral for loaned securities	3,059,162	1,705,330	146,795
Total investments	45,437,723	25,266,583	2,175,231
Total assets	47,859,358	26,729,265	2,295,961
LIABILITIES			
Accounts payable & accrued expenses (Note 7)	40,972	25,589	1,494
Investment commitments payable	536,629	299,144	25,749
Obligation for collateral for loaned securities	3,059,162	1,705,330	146,795
Due to other systems	55,170	111,744	(26)
Total liabilities	3,691,933	2,141,807	174,012
Net position restricted for pensions	$ 44,167,425	$ 24,587,458	$ 2,121,949

(*) Intersystem due from/to have been eliminated in the financial statements

AND PENSION SYSTEM

POSITION BY SYSTEM

Judges' Retirement System	Law Enforcement Officer`s Pension System	Subtotal	Eliminations*	Combined Total
$ 26,737	$ 62,402	$ 2,634,052	$ –	$ 2,634,052
37	2,526	109,370	–	109,370
5	495	17,095	–	17,095
3,102	8,078	348,529	–	348,529
7,778	20,257	873,994	–	873,994
–	13,573	166,997	(166,997)	–
10,922	44,929	1,515,985	(166,997)	1,348,988
52,882	137,767	5,951,405	–	5,951,405
25,181	65,601	2,833,899	–	2,833,899
15,261	39,759	1,717,550	–	1,717,550
106,340	277,036	11,967,671	–	11,967,671
103,942	270,789	11,697,783	–	11,697,783
19,263	50,185	2,167,944	–	2,167,944
301,057	784,310	33,881,371	–	33,881,371
45,158	117,602	5,074,047	–	5,074,047
669,084	1,743,049	75,291,670	–	75,291,670
706,743	1,850,380	79,441,707	(166,997)	79,274,710
765	996	69,816	–	69,816
7,922	20,629	890,073	–	890,073
45,158	117,602	5,074,047	–	5,074,047
109	–	166,997	(166,997)	–
53,954	139,227	6,200,933	(166,997)	6,033,936
$ 652,789	$ 1,711,153	$ 73,240,774	$ –	$ 73,240,774

MARYLAND STATE RETIREMENT

SCHEDULE OF CHANGES IN

for the Fiscal Year Ended

(Expressed in Thousands)

	Teachers' Retirement and Pension Systems	Employees' Retirement and Pension Systems	State Police Retirement System
ADDITIONS			
Contributions			
Employers	$ 468,738	$ 1,241,195	$ 130,757
Members	671,715	422,424	11,914
State contributions on behalf of local governments	960,777	–	–
Total Contributions	2,101,230	1,663,619	142,671
Investment Income			
Net appreciation (depreciation) in fair value of	2,271,158	1,260,974	108,427
Interest	418,116	235,935	20,105
Dividends	1,571,643	875,294	75,283
Investment Income Before Securities Lending	4,260,917	2,372,203	203,815
Gross income from securities lending activity	161,278	89,740	7,717
Securities lending borrower rebates	(147,458)	(82,049)	(7,056)
Securities lending agent fees	(652)	(363)	(31)
Net income from securities lending activity	13,168	7,328	630
Total Investment Income	4,274,085	2,379,531	204,445
Less investment expenses:			
Investment expenses	(298,541)	(166,624)	(14,344)
Net investment income	3,975,544	2,212,907	190,101
Transfers from other systems	–	–	–
Total Additions	6,076,774	3,876,526	332,772
DEDUCTIONS			
Benefit payments	2,931,431	1,914,034	159,799
Refunds (Note 6)	60,302	54,533	309
Administrative expenses (Note 2)	33,205	23,796	393
Transfers to other systems	4,901	(3,748)	(224)
Total Deductions	3,029,839	1,988,615	160,277
Net (decrease) increase in plan assets	3,046,935	1,887,911	172,495
Beginning of the fiscal year	41,120,490	22,699,547	1,949,454
END OF THE FISCAL YEAR	$ 44,167,425	$ 24,587,458	$ 2,121,949

(*) Intersystem due from/due to have been eliminated in the financial statements

AND PENSION SYSTEM

FIDUCIARY NET POSITION BY SYSTEM

June 30, 2025

Judges' Retirement System	Law Enforcement Officer`s Pension System	Total
$ 29,998	$ 115,989	$ 1,986,677
4,389	19,576	1,130,018
–	–	960,777
34,387	135,565	4,077,472
33,529	86,380	3,760,468
6,424	15,805	696,385
23,290	59,510	2,605,020
63,243	161,695	7,061,873
2,389	6,088	267,212
(2,185)	(5,564)	(244,312)
(10)	(25)	(1,081)
194	499	21,819
63,437	162,194	7,083,692
(4,429)	(11,421)	(495,359)
59,008	150,773	6,588,333
–	–	–
93,395	286,338	10,665,805
49,321	105,455	5,160,040
55	1,162	116,361
96	848	58,338
2	(931)	–
49,474	106,534	5,334,739
43,921	179,804	5,331,066
608,868	1,531,349	67,909,708
$ 652,789	$ 1,711,153	$ 73,240,774

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Investment Section

CHIEF INVESTMENT OFFICER'S REPORT

INVESTMENT OVERVIEW

The Maryland State Retirement and Pension System (the System) returned 9.83 percent net of fees in fiscal year 2025, relative to the actuarial return target of 6.80 percent, and 9.54 percent for its policy benchmark. Including the payment of benefits, the fair value of assets increased by approximately $5.4 billion, from $68.2 billion on June 30, 2024 to $73.6 billion on June 30, 2025.

All asset classes generated positive returns for the fiscal year as the Federal Reserve initiated a rate cutting cycle in September of 2024. While all asset classes contributed positively to the total fund fiscal year performance, the returns were not evenly distributed. Public stocks led the way with a return for the fiscal year of 16.3 percent, followed by Absolute Return and Credit, generating performance of 10.7 percent and 9.3 percent, respectively. Private market investments including Private Equity and Real Estate continue to lag, achieving modest returns of 6.4 percent and 3.1 percent, respectively, for the fiscal year. The System's Rates Sensitive portfolio reversed four consecutive fiscal years of negative performance with a fiscal year 2025 return of 5.0 percent.

The Board's asset allocation policy is designed to achieve the actuarial rate of return over long periods of time by assembling a diversified portfolio of asset classes, each of which may have a large or small, positive or negative return in any given year. By assembling assets that exhibit distinct risk and return characteristics in different market environments, the Board expects more stable investment returns over time than a less diversified portfolio. This lower risk portfolio should result in a larger asset pool for the System's beneficiaries than a more volatile portfolio with the same average return. Understanding the Board's principals of asset allocation is important in evaluating the performance in any one-year period. While the realized return of 9.83 percent for fiscal year 2025 exceeds the long-term actuarial target of 6.80% by a wide margin of 3.03 percent, the longer-term range of variations is expected to be closer to the target than the experience of fiscal year 2025.

The System's asset allocation is organized into five broad categories: Growth/Equity, Rate Sensitive, Credit, Real Assets, and Absolute Return. The Board approved significant changes to the asset allocation in fiscal year 2025 to improve the return profile of the fund, with reductions in the Absolute Return and Rates Sensitive asset classes, and increases in Public Equity, Private Equity and Credit. These changes are expected to be implemented gradually over a period of several quarters.

The Growth Equity portfolio is comprised of public equity and private equity. Within public equity, there are dedicated allocations to U.S., international developed, and emerging markets. The objective of this asset class is to generate high returns associated with the economic growth underlying global economies.

The Rate Sensitive category consists of exposure to core, or investment-grade, bonds. This asset class is designed to provide protection against most downturns in the equity market by offering a reliable income stream through the yield component. This yield also provides some protection against a deflationary environment, characterized by falling interest rates. This asset class includes long-duration U.S. Treasury bonds, Treasury inflation protected securities, corporate bonds and securitized debt.

The purpose of the Credit/Debt asset class is to take advantage of the potential higher returns offered by below investment-grade bonds. The return objective is similar to public equity, with a lower risk profile. This category includes high yield bonds, bank loans, emerging markets debt, distressed debt, mezzanine debt, and other credit-focused investments.

Real Assets includes real estate, natural resources and infrastructure investments. A significant portion of the assets in this category provides a regular income stream. Due to the tangible, or real, element of this asset class, it is expected to provide some level of protection against an inflationary environment, as well as additional diversification to the total portfolio.

The objective of the Absolute Return asset class is to achieve a return that falls between the expectations for public equity and bonds, with low correlation to other asset classes. The risk profile of this asset class is expected to be significantly lower than public equity, which should provide protection during periods of stock market decline. Strategies in this asset class include event-driven, global macro, relative value and opportunistic funds.

INVESTMENT POLICY AND OBJECTIVES

The Board of Trustees is charged with the responsibility of managing the assets of the System. In doing so, the Board is required to exercise its fiduciary duties solely in the interest of the participants with the care, skill, and diligence that a prudent person would exercise under similar circumstances. This standard of care encourages diversifying investments across various asset classes.

Investment objectives are designed to support the fulfillment of the Board's mission to optimize risk-adjusted returns to ensure that sufficient assets are available to pay benefits to members and beneficiaries when due. As a long-term investor, the Board understands that short-term market returns will fluctuate.

These investment objectives are implemented in accordance with investment policies developed by the Board. The "prudent person standard", as outlined in both the Maryland Annotated Code and the Board's investment policies, allows the Board to set investment policies and delegate authority to investment professionals employing active and passive strategies. Firms that have been retained generally have a demonstrated performance record and a clearly defined and consistently applied investment process.

The Board manages the assets for the System with the goal of achieving an annualized investment return that over a long-term time frame: (1) meets or exceeds the investment policy benchmark for the System; (2) in nominal terms, equals or exceeds the actuarial investment return assumption adopted by the Board; and (3) in real terms, exceeds the U.S. inflation rate by at least 3 percent. A more detailed discussion of each of these goals follows below.

1. **Meeting or exceeding the Investment Policy Benchmark for the System.** The Investment Policy Benchmark is calculated by using a weighted average of the Board-established benchmarks for each asset class. This benchmark enables the comparison of the actual performance of the System to a proxy portfolio and provides a measure of the contribution of policy implementation and active management to overall fund returns.

2. **In nominal terms, meeting or exceeding the actuarial investment return assumption of the System.** The Board adopts the actuarial rate of interest, which was set at 6.80 percent for fiscal year 2025. The actuarial investment return assumption functions as an estimate of the long-term rate of growth of the assets for the System. In adopting an actuarial return assumption, the Board anticipates that the investment portfolio will achieve higher or lower returns each year but will trend toward 6.80 percent over time.

3. **In real terms, exceeding the U.S. inflation rate by at least 3 percent.** The inflation related objective compares the investment performance against a rate of inflation measured by the Consumer Price Index (CPI) plus 3 percent. The inflation measure provides a link to the liabilities of the System, which have an embedded sensitivity to changes in the inflation rate.

The Board is also responsible for establishing the asset allocation policy for the System. It does this by weighing three liability-oriented objectives when making asset allocation determinations. These objectives include:

1. achieving and maintaining a fully funded pension plan;

2. minimizing contribution volatility year to year; and

3. realizing surplus assets.

Asset allocation policy targets are determined by recognizing that liabilities (future benefit payments to the participants and beneficiaries of the System) must be paid in full and on time. The mix of asset classes is chosen to provide sufficient growth to meet the long-term return objective of the System, while providing sufficient diversification to moderate the volatility of that return. For example, a portfolio of equities will likely provide the required return over a long time horizon but will subject the fair value of the portfolio to unacceptable levels of volatility such that the goals of minimizing contribution volatility and realizing surplus assets would be difficult to achieve. Combining other asset classes with equities will provide differentiated return sources, reduce the volatility of returns and help realize those liability-oriented objectives.

The Board's long-term asset class targets and ranges as of June 30, 2025 are shown below.

ASSET CLASS	LONG-TERM POLICY TARGET	RANGE
Growth/Equity	**50%**	**+/-7 %**
U.S Equity	17%	
International Developed Equity	11%	
International Emerging	6%	
Private Equity	16%	
Rate Sensitive	**20%**	**+/-5 %**
Long-term Government Bonds	10%	
Securitized/Corporate Bonds	6%	
Inflation-Linked Bonds	4%	
Credit	**9%**	**+/-4 %**
High Yield Bonds/Bank Loans	8%	
Emerging Market Debt	1%	
Real Assets	**15%**	**+/-4 %**
Real Estate	10%	
Natural Resources/ Infrastructure	5%	
Absolute Return	**6%**	**+/-4 %**
Total Assets	**100%**	

INVESTMENT PERFORMANCE

Investment performance is calculated using time-weighted rates of total return, including the impact of fees and expenses. Total return includes interest and dividends, as well as capital appreciation.

The investment program realized a return of 9.83 percent, net of all fees, for fiscal year 2025. Annualized returns for the 3-, 5-, 10-, 20- and 25-year periods ended June 30, 2025 were 6.6 percent, 8.3 percent, 7.0 percent, 6.4 percent and 5.5 percent, respectively.

	FY 2025 SRPS Performance	FY 2025 Benchmark Performance	SRPS Exposure June 30, 2025
Public Equity	16.3 %		32.3 %
Custom Benchmark		16.7 %	
U.S. Equity	14.6 %		14.2 %
Russell 3000		15.3 %	
International Developed Equity	18.2 %		9.1 %
MSCI World ex U.S.		18.7 %	
Intl. Emerging Markets Equity	15.3 %		5.0 %
MSCI Emerging Markets		15.3 %	
Global Equity	17.8 %		4.0 %
MSCI AC World Index		16.2 %	
Private Equity	6.4 %		20.5 %
Custom State Street PE		7.0 %	
Rate Sensitive	5.0 %		16.2 %
Custom Benchmark		4.0 %	
BBG U.S. Gov't Long Index		1.6 %	
BBG U.S. Securitized		6.6 %	
BBG U.S. Corporate Inv Grade Index		6.9 %	
BBG U.S. Govt Inflation-Linked		5.7 %	
Credit/Debt Strategies	9.3 %		9.1 %
Custom Benchmark		9.7 %	
BBG High Yield		10.3 %	
S&P LSTA Leveraged Loan		7.3 %	
BBG EM Hard Currency Sov		11.9 %	
BBG EM USD Corporate		7.7 %	
Real Assets	7.0 %		14.7 %
Custom Benchmark		8.2 %	
Absolute Return	10.7 %		5.5 %
Custom Benchmark		7.2 %	
Multi-Asset			
Custom Benchmark	14.4 %		0.4 %
		9.5 %	
Cash	5.0 %		1.3 %
Custom Benchmark		4.9 %	
TOTAL FUND	**9.8%**	**9.5%**	**100%**

The allocation as of June 30, 2025 reflects the ranges and transitional targets of the System as described in the previous section.

ECONOMIC AND CAPITAL MARKET OVERVIEW

Investment returns across asset classes were strong in fiscal year 2025, with all asset classes producing positive returns. The Federal Reserve started to ease monetary policy with a 50 basis point rate cut in September 2024, followed by two additional reductions of 25 basis points each in November and December of the same year, taking the upper range of the federal funds rate from 5.50 percent to 4.50 percent. These actions provided substantial support to all asset classes over the course of fiscal year 2025. Public stocks were the top-performing asset class for the fiscal year with global equities generating a return of more than 16 percent. This performance was fueled by strong corporate earnings and significant investment in artificial intelligence applications. International stocks, supported by a weaker U.S. dollar, outperformed domestic equities for the fiscal year, reversing seven consecutive years of underperformance. Bonds also achieved positive performance for the fiscal year with the easing of monetary policy and continued tightening of credit spreads.

The lower interest rate environment contributed to favorable economic conditions in fiscal year 2025. The U.S. economy remained resilient over the fiscal year, with real gross domestic product growing by 2.1 percent and nominal gross domestic product rising 4.6 percent. This economic growth has been fueled by a robust labor market, healthy wage gains and strong consumer spending. The unemployment rate at the end of the fiscal year was 4.1 percent, unchanged from a year earlier, and only slightly higher than the 3.7 percent rate when the Fed Reserve began raising rates in March 2022. The inflation rate in the U.S., as measured by the Consumer Price Index, ended the fiscal year modestly lower at 2.7 percent, but still higher than the Federal Reserve's 2 percent target. ended the fiscal year modestly lower at 2.7 percent.

The falling interest rate environment in fiscal year 2025 also supported the recovery and positive returns of interest rate sensitive investments like long-duration U.S. bonds and real estate. These asset classes had experienced negative returns in multiple consecutive years prior to 2025, as higher rates challenged performance. The real estate sector, particularly office properties, continues to be challenged by valuation adjustments stemming from changes in how properties are being utilized; for example, companies requiring less office space due to the continuation of hybrid work models. Over the course of the fiscal year, the ten-year Treasury yield declined from roughly 4.40 percent to 4.23 percent.

PUBLIC EQUITIES

As of June 30, 2025, approximately $23.8 billion was invested in public equities, representing 32.3 percent of total assets. The public equity program consists of four components: U.S. equities, international developed equities, emerging markets equities and global equities.

The Terra Maria program, which seeks to identify promising smaller or developing management firms, is an integral part of the public equities' asset class. As of June 30, 2025, 74 percent of the public market Terra Maria program was invested in equities, and 26 percent was invested in fixed income strategies. Each of the managers in the Terra Maria program has an active management mandate. A more detailed discussion of the Terra Maria program follows below.

A. U.S. Equities

As of June 30, 2025, approximately $10.5 billion, or 14.2 percent of total assets, was invested in U.S. public equities. Passively managed U.S. equities totaled $3.4 billion, while Terra Maria program assets were $505 million, representing 4.6 percent, and 0.7 percent of total assets, respectively.

U.S. Equity		$ Millions	% of Total Plan
Passively/Enhanced Managed	**$**	**3,397**	**4.6%**
Actively Managed	**$**	**6,571**	**8.9%**
Terra Maria Program	**$**	**505**	**0.7%**
Total U.S. Equity	**$**	**10,473**	**14.2%**

For fiscal year 2025, U.S. equities returned 14.6 percent, compared to 15.3 percent for its benchmark, the Russell 3000 Index.

B. International Equities

As of June 30, 2025, approximately $6.7 billion, or 9.1 percent of total assets, was invested in international equities. Passively managed international equities totaled $1.6 billion, while Terra Maria assets were $1.3 billion, representing 2.1 percent, and 1.8 percent of total assets, respectively. As more fully described below, in 2009 the System instituted a currency overlay program which is designed to protect the value of some foreign equities in a rising dollar environment.

International Equity	$ Millions		% of Total Plan
Passively Managed	**$**	**1,569**	**2.1%**
Actively Managed	**$**	**3,794**	**5.2%**
Terra Maria Program	**$**	**1,346**	**1.8%**
Currency Overlay	**$**	**(20)**	**0.0%**
Total International Equity	**$**	**6,689**	**9.1%**

For fiscal year 2025, international equities, including the impact of the currency overlay program, returned 18.2 percent, compared to 18.7 percent for its benchmark, the MSCI World ex-U.S. Index.

C. Emerging Market Equities

As of June 30, 2025, approximately $3.7 billion, or 5.0 percent of total assets, was invested in emerging market equities. The portfolio is comprised of actively managed assets.

Emerging Markets Equity	$ Millions		% of Total Plan
Passively Managed	**$**	**81**	**0.1%**
Actively Managed	**$**	**3,470**	**4.7%**
Terra Maria Program	**$**	**119**	**0.2%**
Total Emerging Markets Equity	**$**	**3,670**	**5.0%**

For the fiscal year, the portfolio returned 15.3 percent compared to 15.3 percent for the MSCI Emerging Market Index.

D. Global Equities

As of June 30, 2025, approximately $2.9 billion, or 4.0 percent of total assets was invested in global equities, which includes both U.S. and foreign stocks. This portfolio is comprised mostly of active mandates.

Global Equity	$ Millions		% of Total Plan
Passive/Overlay Accounts	**$**	**134**	**0.2%**
Actively Managed	**$**	**2,697**	**3.6%**
Terra Maria Program	**$**	**114**	**0.2%**
Currency Overlay	**$**	**(2)**	**0.0%**
Total Global Equity	**$**	**2,943**	**4.0%**

For the fiscal year, the portfolio returned 17.8 percent compared to 16.2 percent for the MSCI AC World Index.

CURRENCY OVERLAY PROGRAM

The currency overlay program was implemented in May of 2009. An objective of the program is to provide insurance against a strengthening dollar, which could negatively impact returns from foreign currency denominated equities. The manager in this program uses a systematic currency overlay strategy and generally, does not make fundamental currency valuation assessments. The strategy is also dynamic in that the degree to which currency hedging is applied changes depending on currency market conditions. The manager in this program uses low hedge ratios when the dollar is weakening, and high hedge ratios when the dollar is strengthening.

During fiscal year 2025, the currency program detracted value in the System's foreign equity holdings, as the U.S. dollar weakened relative to other currencies. The cost of the currency hedging program during the fiscal year was $26.6 million. Since the inception of the currency hedging program, it has added value, reduced volatility and improved the risk/return profile of the System's international and global equity portfolios.

PRIVATE EQUITY

As of June 30, 2025, private equity totaled $15.1 billion, or 20.5 percent of total assets. This asset class includes buyouts, growth equity, venture capital, secondaries and funds-of-funds.

In fiscal year 2025, commitments were made to 16 private equity funds and co-investments, totaling $572 million. Since the inception of the private equity program in fiscal year 2005, $23.5 billion in commitments have been made to 348 different funds and co-investments. Unfunded commitments totaled $4.4 billion as of June 30, 2025. Future commitments will follow a pacing model designed to achieve and maintain the target allocation. In fiscal year 2025, the private equity program generated a time-weighted return of 6.4 percent, compared to 7.0 percent for its benchmark, the State Street Private Equity Index. This return is net of all fees, expenses and carried interest.

RATE SENSITIVE

As of June 30, 2025, the rate sensitive portfolio represented $11.9 billion, or 16.2 percent of total assets. The rate sensitive portfolio returned 5.0 percent for the year, compared to 4.0 percent for its blended benchmark: 50% Bloomberg U.S. Government Long Bond Index, 15% Bloomberg U.S. Investment Grade Corporate Index, 15% Bloomberg U.S. Securitized MBS/ABS/CMBS Index, and 20% Bloomberg U.S. Government Inflation Linked Index.

CREDIT/DEBT STRATEGIES

The credit/debt strategies portfolio totaled approximately $6.7 billion, representing 9.1 percent of total plan assets as of June 30, 2025. Investments in this asset class are held in both liquid and illiquid structures. Typical asset types in the portfolio include: high yield bonds, bank loans, emerging market debt, and private debt. The portfolio has a blended benchmark of 89 percent U.S. (80% Bloomberg U.S. Corporate High Yield Index, 20% S&P LSTA Leveraged Loan Index), and 11 percent Non-U.S. (50% Bloomberg EM Hard Currency Sovereign Index, 50% Bloomberg EM USD Corporate Index). The portfolio returned 9.3 percent for the fiscal year, versus 9.7 percent for its benchmark.

REAL ASSETS

The real assets portfolio totaled approximately $10.8 billion, representing 14.7 percent of total assets as of June 30, 2025. The objectives of this asset class are to provide a level of protection against inflation, and to enhance diversification for the total fund. As of June 30, 2025, the largest component of the asset class was real estate, totaling $7.0 billion, or 9.5 percent of total assets. The remaining assets consisted of investments associated with natural resources and infrastructure totaling $3.8 billion or 5.2 percent of total assets.

The real assets portfolio returned 7.0 percent for the fiscal year, compared to 8.2 percent for its blended benchmark, which consists of approximately 65 percent real estate with the remainder in natural resources and infrastructure. Real estate achieved a 3.1 percent return, versus the real estate benchmark return of 3.1 percent. The natural resources and infrastructure portion of the portfolio achieved a return of 17.1 percent, underperforming its benchmark by 2.0 percent, as the System's exposure to private infrastructure investments trailed the public market infrastructure benchmark.

ABSOLUTE RETURN

The absolute return portfolio totaled approximately $4.0 billion, representing 5.5 percent of total assets as of June 30, 2025. The portfolio consists of event-driven, global macro, relative value, equity long/short and opportunistic funds. Its goal is to provide diversification for the total plan through its low correlation to the broad financial markets. The absolute return portfolio returned 10.7 percent, compared to the 7.2 percent return for its benchmark.

TERRA MARIA PROGRAM

As previously mentioned, the Terra Maria program seeks to identify promising smaller or developing managers. Staff invests directly as well as utilizes four public market program managers serve as an extension of staff to source investment managers, perform manager due diligence, monitor managers and prepare manager "hire/fire" and funding recommendations. The managers include Acuitas Investments, Attucks Asset Management, Xponance, Inc., and Leading Edge Investment Advisors.

Publicly-traded assets in the Terra Maria Program totaled approximately $2.8 billion, or 3.8 percent of total assets as of June 30, 2025. The program returned 14.9 percent for the fiscal year, outperforming its custom benchmark return of 13.4 percent. The relative performance results have also remained positive since the April 2007 inception of the program. The System also invests in emerging managers in other asset classes. In private markets, the value of assets managed by developing managers totaled $2.9 billion.

At the end of fiscal year 2025, $9.3 billion, or 12.6 percent of the System's total assets, were managed by minority and women-owned firms.

INVESTMENT MANAGEMENT FEES

The asset allocation of the System is the primary determinant of returns. The asset allocation is also the primary determinant in the cost of investing the assets. Thirty-two percent of the policy allocation does not have public market benchmarks and therefore does not have a passive option for implementation. These alternative assets such as closed-end limited partnerships used for private equity, infrastructure and some real estate, in addition to open-end partnerships used for real estate and hedge fund strategies are included in the asset allocation with the objective of earning higher returns over time, reducing risk by providing returns that are differentiated from stock and bond returns, or for both reasons.

These alternative assets are typically structured as limited partnerships with embedded profit sharing provisions to motivate the manager to make profitable investments, and to ensure alignment of interests. Carried interest represents the portion of the investment profits that is earned by managers, and is only paid if performance thresholds are achieved. The percentage of profits that is allocated to the manager is substantially lower than the amount received by the System. Because of this disproportionate sharing of profits, the amounts realized by the System far exceed any incentive earned by investment managers. Large amounts of carried interest should be considered a positive result, as this would imply much greater gains to the System. In calendar year 2024, the System realized an estimated $1.0 billion in profits from these private alternative investments, while the investment managers, or general partners, earned roughly $263.9 million in carried interest incentives.

The Board is mindful of the negative effects fees have on net investment performance and is committed to aggressively negotiating fair and reasonable terms to mitigate the drag on performance, while maintaining exposure to investments that exhibit positive risk and return characteristics in a total portfolio context.

CONCLUSION

Investment returns in fiscal year 2025 were strong as the Federal Reserve embarked on an easing cycle in the fall of 2024, led by global equities and fueled by strong consumer spending and robust economic growth. Future investment performance and the economy will likely be driven by both monetary and fiscal policies, as international trade has emerged as an important theme with the new administration. With inflation still above the Fed's target, future rate cuts will likely depend on the strength of the labor market as the Fed balances its dual mandate of full employment and stable prices.

While the Board of Trustees is proud of the fiscal year 2025 performance, the focus continues to be on long-term returns. The key to successful long-term investing is diversification. The System's Board of Trustees has adopted a diversified allocation to allow it to collect the diversified risk premiums associated with the various asset classes. The best way to account for the unknown is to maintain a balanced and diversified portfolio that is designed to meet the long-term risk and return objectives in the most efficient way possible.

Respectfully submitted,

Robert M. Burd, CFA, CAIA
Acting Chief Investment Officer

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MARYLAND STATE RETIREMENT AND PENSION SYSTEM

INVESTMENT PORTFOLIO SUMMARY
as of June 30, 2025 and 2024
(Expressed in Thousands)

		2025		2024	
		Fair Value	**% of Fair Value**	**Fair Value**	**% of Fair Value**
	Rate Sensitive				
	Fixed Income	$ 9,157,573	12.4 %	$ 8,935,102	13.1%
	Inflation linked bonds	2,414,464	3.3	2,267,444	3.3
(1)	Cash (non-manager)	997,139	1.4	1,221,860	1.8
(2)	Net cash & cash equivalents (manager)	315,511	0.4	61,367	0.1
	Total Rate Sensitive	**12,884,687**	**17.5**	12,485,773	18.3
	Credit				
	High Yield Bond/Bank Loans	5,764,044	7.8	5,280,982	7.7
	Emerging markets debt	757,680	1.0	691,359	1.0
(2)	Net cash & cash equivalents (manager)	200,027	0.3	118,091	0.2
	Total Credit	**6,721,751**	**9.1**	6,090,432	8.9
	Equity				
	Domestic stocks	10,229,553	13.9	9,471,673	13.9
	Emerging markets stocks	3,570,759	4.8	3,273,978	4.8
	Global stocks	2,780,527	3.8	2,292,642	3.4
	International stocks	6,396,956	8.7	5,373,809	7.9
(2)	Net cash & cash equivalents (manager)	797,324	1.1	539,663	0.8
	Total Public Equity	**23,775,119**	**32.3**	20,951,765	30.8
	Private Equity	**15,058,700**	**20.5**	14,775,130	21.5
	Total Equity	**38,833,819**	**52.8**	35,726,895	52.3
	Absolute Return	**3,606,453**	**4.9**	3,959,736	5.8
	Commodities	**134,327**	**0.2**	172,992	0.3
	Real Estate	**6,994,633**	**9.5**	6,442,490	9.4
	Multi Asset	**296,894**	**0.4**	259,605	0.4
	Natural Resources & Infrastructure	**3,614,831**	**4.9**	3,071,907	4.5
(2)	**Net Cash & Cash Equivalents (Manager)**	**506,500**	**0.7**	34,921	0.1
	Total Portfolio	**$ 73,593,895**	**100.0%**	$ 68,244,751	100.0%

(1) Securities lending collateral payable has been netted against the actual collateral. The amounts net to zero.

(2) Includes investment receivables and payables.

Note: This schedule includes assets invested on behalf of the Maryland Transit Administration.

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

INVESTMENT PORTFOLIOS BY MANAGER
as of June 30, 2025
(Expressed in Thousands)

	Fair Value	Investment Advisory Fees
Public Equity		
ARGA Investment Management	$ 347,148	$ 1,485
Axiom International Investors	555,319	2,894
Baillie Gifford & Company	1,410,331	5,752
Brown Capital Management	141,095	873
D E Shaw & Company	1,803,818	6,565
Dimensional Fund Advisors	829,347	1,925
Durable Capital Partners	870,700	5,268
JP Morgan REI 150	1,737,224	2,052
Marshall Wace	832,425	7,360
Polunin Capital Management	570,693	4,181
Record Currency Management	(22,161)	4,664
Silchester International Investors	352,771	1,740
T. Rowe Price Associates	2,264,271	7,318
Walter Scott & Partners	864,985	3,968
Westwood Global Investment	485,369	3,151
Public Equity Long/Short	1,988,709	49,968
Acuitas (1)	266,974	1,440
Attucks Asset Management (1)	789,113	4,387
Leading Edge Invest. Advisors (1)	426,017	2,450
Maryland Terra Maria (1)	341,977	837
Xponance (1)	258,033	1,531
Other (2)	19,195	1,076
Internally Managed Assets (6)	6,641,766	466
Total Public Equity	**$ 23,775,119**	**$ 121,351**

	Fair Value		Investment Advisory Fees	
Fixed Income				
Dodge & Cox	$ 275,596		$ 526	
DoubleLine U.S. Securitized	876,749		1,717	
Manning & Napier	588,387		876	
MetLife Investment Management	815,196		1,973	
Nomura Corporate Research &	526,158		784	
Pacific Investment Management	847,050		752	
Pine Bridge Investments	528,931		797	
Western Asset Management	1,419,560		1,642	
Attucks Asset Management (1)	728,800		1,632	
Cash & Cash Equitization	997,139		–	
Other (2)	818		3	
Internally Managed Assets (6)	6,881,806		–	
Total Fixed Income	**14,486,190**		**10,702**	
Alternative Investments				
Absolute Return (1)	$ 4,016,458		$ 100,450	
Commodity	134,327		–	
Credit/Debt Related/Rate Sensitive (1)	5,047,030		51,337	
Multi-Asset (3)	296,894		1,217	
Private Equity (1)	15,058,700		138,579	
Real Assets				
Harvest Fund Advisors	335,546		2,073	
Tortoise Capital Advisors	216,887		1,323	
Natural Resources & Infrastructure (1)	1,351,994		19,068	
Private Real Estate (1)	6,994,635		49,721	
Other (2)	377		3,844	
Internally Managed Assets (6)	1,879,738		–	
Total Alternative Investments	**35,332,586**		**367,612**	
Total	**$ 73,593,895**	*(4)*	**$ 499,665**	*(5)*

(1) Sub-managers separately listed on the following pages

(2) Consulting fees and/or investment managers no longer under contract as of 6/30/25

(3) Assets that represent the overall allocation

(4) Includes assets invested on behalf of the Maryland Transit Administration.

(5) Includes management fees allocated to the Maryland Transit Administration.

(6) Funds separately listed on the following pages

Note: Investment Advisory Fees represents management fees invoiced or reported on capital statements.

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

ALTERNATIVE INVESTMENTS RELATIONSHIP LISTING
as of June 30, 2025

Private Equity

1315 Capital *†
1315 Capital II †
1315 Capital III †
Advent International GPE VI-A
Advent International GPE VIIIB
Advent International GPE IX
Advent International GPE X *
Apax Europe VI-A
Apax Europe VII-A
Apax IX
Apollo Investment Fund VIII
Apollo Investment Fund IX *
Apollo Investment Fund X *
Astorg VI
Astorg VII
Audax Private Equity Fund III
Audax Private Equity Fund V
Audax Private Equity Fund VI *
Audax Private Equity Fund VII *
Audax Private Equity Origins Fund I
Bain Capital Asia Fund III
Bain Capital Asia Fund IV
Bain Capital Asia Fund V
Bain Capital Empire Holdings
Bain Capital Europe Fund IV
Bain Capital Europe Fund V
Bain Capital Europe Fund VI
Bain Capital Fund X
Bain Capital Fund XI
Bain Capital Fund XII
Bain Capital Fund XIII *
Bain Capital Life Sciences Fund
Bain Capital Life Sciences Fund II
Bain Capital Life Sciences Fund III
Bain Capital Life Sciences Fund IV
Baring Asia Fund VI
Baring Asia Fund VII *
Baring Asia Fund VIII *
BD-capital Fund 2 *†
Black River Capital Partners Fund (Agr. A) †
Blackstone Capital Partners VI
Blackstone Capital Partners VII
Blue Wolf Capital Fund III †
Blue Wolf Capital Fund IV †
Blue Wolf Capital Fund V *
Bridgepoint Europe Fund V
Bridgepoint Europe Fund VI
Bridgepoint Europe Fund VII *
Brinson Partnership 2000 Primary Fund
Brinson Partnership 2001 Primary Fund
Brinson Partnership 2002 Secondary Fund
Brinson Partnership 2003 Primary Fund
CDH Fund V
ChrysCapital VIII
Clayton Dubilier&Rice Fund VIII
Clayton Dubilier&Rice Fund IX
Clayton Dubilier&Rice Fund X
Clayton Dubilier&Rice Fund XI
Clayton Dubilier&Rice Fund XII
Clearlake Capital Partners III †
Clearlake Capital Partners IV
Clearlake Capital Partners V
Clearlake Capital Partners VI
Clearlake Capital Partners VII *
Clearlake Capital Partners VIII
Coller International Partners VI
Coller International Partners VII
Coller International Partners VIII
Crescent Capital Partners IV
Crescent Capital Partners V
CVC Capital Partners VII
CVC Capital Partners VIII
CVC Capital Partners IX
CVC European Equity Partners V-B
Equistone Partners Europe Fund IV
Equistone Partners Europe Fund V
Equistone Partners Europe Fund VI
Everstone Capital Partners II †
Everstone Capital Partners III †
Frazier Healthcare Growth Buyout Fund VIII
Frazier Healthcare Growth Buyout Fund IX *
Frazier Healthcare Growth Buyout Fund X *
Frazier Healthcare VI
Frazier Healthcare VII
Frazier LifeSciences VIII
Frazier LifeSciences IX
Frazier LifeSciences X
Frazier Life Sciences XI
Frazier Life Sciences XII
Frontier Fund III †
Frontier Fund IV †
Frontier Fund V
GGV Capital VII
GGV Capital VII Plus
GGV Capital VIII
GGV Capital VIII Plus
GGV Discovery II
GGV Discovery III
Goldman Sachs Vintage Fund V
Great Hill Equity Partners IV
Great Hill Equity Partners V
Great Hill Equity Partners VI
Great Hill Equity Partners VII *
Great Hill Equity Partners VIII
Green Equity Investors VII
Green Equity Investors VIII
Green Equity Investors IX *
Hellman&Friedman Capital Partners VII
Hellman&Friedman Capital Partners VIII
Hellman&Friedman Capital Partners IX
Hellman&Friedman Capital Partners X
Hg Capital 7C
Hg Capital 8A
Hg Genesis 9
Hg Genesis 10 A
Hg M1 Co-Invest
Hg Saturn 3 A
Institutional Venture Partners XV
Institutional Venture Partners XVI
Institutional Venture Partners XVII *
Institutional Venture Partners XVIII
Jade Equity Investors *
Jade Equity Investors II
Landmark Equity Partners XIV
Landmark Equity Partners XV
Landmark Equity Partners XVI *
Lexington Capital PartnersVII
Lexington Co-Investment Partners IV
Lexington Co-Investment Partners V
Lexington Co-Investment Partners V-Overage
Lexington Middle Market Investors III
Lexington Middle Market Investors IV
Lightspeed Opportunity Fund
Lightspeed Opportunity Fund II
Lightspeed Opportunity Fund III
Lightspeed Venture Partners Select V
Lightspeed Venture Partners Select VI
Lightspeed Venture Partners XIV A

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

ALTERNATIVE INVESTMENTS RELATIONSHIP LISTING
as of June 30, 2025
(continued)

Private Equity (continued)

Lightspeed Venture Partners XIV B	Orchid Asia V	TA Associates XV
Lightspeed Venture Partners Fund XV A	Orchid Asia VI	TDR Capital III †
Lightspeed Venture Partners Fund XV B	Orchid Asia VII	TDR Capital IV *
Littlejohn Fund IV	Orchid Asia VIII	TDR Capital V *
Littlejohn Fund V	Pacific Equity Partners VI	Thoma Bravo Fund XII
Littlejohn Fund VI *	PAG Asia Capital II	Thoma Bravo Fund XIII
LLR Equity Partners IV	PAG Asia Capital III	Thoma Bravo Fund XIV
LLR Equity Partners V	Partners Group Emerging 2011	Thoma Bravo Fund XV *
LLR Equity Partners VI	Partners Group Secondary 2008	Tiger Iron Old Line Fund †
LLR Equity Partners VII	Partners Group Secondary 2011	Tiger Iron Old Line Fund II †
Longitude Venture Partners II †	Partners Group Secondary 2015	Tiger Iron Old Line Fund III †
Longitude Venture Partners III †	Point 406 Ventures Opportunities Fund †	TPG Partners VI
Longitude Venture Partners IV	Point 406 Ventures Opportunities Fund II †	TPG Partners VII
Madison Dearborn Capital Partners VI	Point 406 Ventures II †	Vista Equity Partners Fund IV
Madison Dearborn Capital Partners VII	Point 406 Ventures III †	Vista Equity Partners Fund V
Madison Dearborn Capital Partners VIII *	Point 406 Ventures IV †	Vista Equity Partners Fund VI
Maryland Innovation Opportunity Fund I	Pollen Street Capital Co-Invest Leto	Vista Equity Partners Fund VII *
MBK Partners Fund III	Roark Capital Partners IV	Vista Equity Partners Fund VIII *
MBK Partners Fund IV	Roark Capital Partners V *	Vista Foundation Fund II
MBK Partners Fund V *	Silver Lake Partners V	Vista Foundation Fund III
MD Asia Investors	Silver Lake Partners VI	Vista Foundation Fund IV *
MD Asia Investors II	Silver Lake Partners VII *	Vistria Fund I *†
MD Asia Investors III	Spark Capital Growth Fund IV	Vistria Fund II †
MD Asia Investors IV	Spark Capital Growth Fund V	Vistria Fund III †
New Mainstream Fund II †	Spark Capital VII	Vistria Fund IV
New Mainstream Fund III †	Spark Capital VIII	Vistria Fund V
New Mountain Partners III	TA Associates XI	Wind Point Partners VII
New Mountain Partners IV	TA Associates XII	Wind Point Partners VIII
New Mountain Partners V	TA Associates XIII	Wind Point Partners IX *
New Mountain Partners VI	TA Associates XIV *	Wind Point Partners X
New Mountain Partners VII		

Private Real Estate

Abacus Multi-Family Partners V	FPA Core Plus Fund V	Lubert Adler Real Estate Fund VI-A
Abacus Multi-Family Partners VI	FPA Core Plus Fund VI	MetLife Core Property Fund
AEW Partners Fund IX *	Frogmore Real Estate Partners II †	Morgan Stanley Prime Property Fund
AEW Senior Housing Fund II	GI Partners Fund IV	North Haven Real Estate Fund X Global
AEW Senior Housing Fund IV	Heitman America Real Estate Trust	Rockwood Capital RE Partners Fund IX
Ares Industrial Real Estate Fund	Heitman Value Partners V *	Scout Fund II †
Asana Partners Fund III	Heitman Value Partners VI	Starwood Hospitality Fund II
Brookfield Strategic Real Estate Partners IV	JP Morgan Strategic Property *	Tristan Capital-European Special Opps 3 †
Carmel Partners Investment Fund VII	JP Morgan Sunbelt Residential Development Fund	Tristan Capital-European Special Opps 4 †
Carmel Partners Investment Fund VIII	LaSalle Property Fund	Tristan Capital-European Special Opps 5
CBRE US Core Partners	Lone Star Real Estate Fund II	TruAmerica Workforce Housing Fund
Clarion Lion Industrial Trust	Lone Star Real Estate Fund III	TruAmerica Workforce Housing Fund II
Clarion Lion Property Fund	Lone Star Real Estate Fund IV	UBS Trumbull Property Fund
Europe Fund III	Lone Star Real Estate Fund V	Waterton Residential Property Venture XIII
Federal Capital Partners Fund II †	Lone Star Real Estate Fund VI	Waterton Residential Property Venture XIV
Federal Capital Partners Fund III †	Lubert Adler Real Estate Fund VI	

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

ALTERNATIVE INVESTMENTS RELATIONSHIP LISTING
as of June 30, 2025
(continued)

Real Return

Alinda Infrastructure Fund II
Brookfield Infrastructure Fund V
DigitalBridge Partners III
Domain Timber Investments †
EIF US Power Fund IV
Energy and Minerals Group V
Energy and Minerals Group V-Accordion
EQT Infrastructure VI
First Reserve Fund XII
First Reserve Fund XIII
First Reserve Legacy Opportunities Fund
Global Infrastructure Partners V
Global Timber Investors 9
Harvest Fund Advisors
IFM Global Infrastructure Fund
ISQ Global Infra Fund III
Natural Gas Partners X
Natural Gas Partners XI
NGP Midstream & Resources
NGP Natural Resources XII
Quantum Energy Partners V
Quantum Energy Partners VI
Quantum Energy Partners VII
RMS Forest Growth III †
Stonepeak Core Fund †
Stonepeak Opportunities Fund
Terrapin MM Investment Series I †
Terrapin MM Investment Series II †
Tortoise Capital Advisors

Absolute Return

Arctos Keystone Partners
Arctos Sports Partners Fund II
Aristeia Partners
Aristeia Select Opportunities II
ASP II Opportunities Fund
Avidity Capital Fund †
Brevan Howard Alpha Strategies
Brevan Howard FG Macro Fund
Bridgewater All Weather
Bridgewater Pure Alpha
Cassiopeia Fund
Clover Parallel
Contrarian Emma 2
Empyrean Capital Fund †
Exodus Point
Fourier Fund
HSCM Bermuda Fund
Hudson Bay Fund
Hudson Bay Special Opportunities Fund
John Street Systematic Fund
King Street Capital
King Street Global Drawdown
King Street Global Drawdown Overflow
Kirkoswald Global Macro Fund
Lone Star Fund XI
Petershill IV
Petershill Private Equity
PHM IV Co Investment
Silver Lake Alpine II
Standard General Fund II †
Tiger Iron Old Line SPV
Voloridge
Voloridge Trading Aggressive Fund
Yiheng Capital Partners †

* denotes the presence of co-investment
† denotes Terra Maria Program

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

FIXED INCOME RELATIONSHIP LISTING
as of June 30, 2025

Credit/Debt Related

AG Potomac Fund
Alchemy Special Opportunities Fund II
Alchemy Special Opportunities Fund III
Apollo Credit Opportunity Fund III
Ares Sports, Media, and Entertainment Finance Fund *
Berkshire Multifamily Debt III
BH3 Patapasco Fund *†
Castlelake III
Castlelake IV
Castlelake V
Castlelake Aviation IV Stable Yield *
Castlelake Aviation V Stable Yield
Charlesbank Credit Opportunities Fund III *
Crescent Capital Mezzanine Partners VI
CVI Credit Value Fund II
CVI Credit Value Fund III
CVI Credit Value Fund IV
CVI Credit Value Fund V
CVI Chesapeake Credit Opps A Fund
CVI Chesapeake Credit Opps B Fund
CVI Chesapeake Credit Opps C Fund
CVI Chesapeake Credit Opps D Fund
Dawson Portfolio Finance 3
Dawson Portfolio Finance 4 *
Dawson Portfolio Finance 5 *
Dawson Portfolio Finance 6
EIG Energy Fund XV
EIG Energy Fund XVI
Emso Private Credit 3
Falcon Strategic Partners III †
Falcon Strategic Partners IV
FP Credit Partners II *
Gramercy Capital Solutions Fund III *
GSO Credit Aha Fund II
HarbourView Royalties Fund I †
Hayfin Healthcare Opportunities Fund *
HCRX Holdings *
Highbridge Convertible Dislocation Fund
Highbridge Strategic Credit Fund II
India Special Assets Fund III †
KKR Mezzanine Partners I
LCM Partners COPS 4
Merit Mezzanine Fund V
Nebari Natural Resources Credit Fund II
NHTV II Kyoto Co-Investor
Oaktree European Principal Fund III
Oaktree Opportunity Fund VIII
Oaktree Opportunity Fund VIII-B
Orion Minerals Royalty Fund I *
Park Square Capital Partners II
Partners Group European Mezzanine 2008
Peninsula Fund V
Perella Weinberg Partners
Prudential Capital Partners III
Prudential Capital Partners IV
Runway Growth Finance †
Shamrock Capital Content Fund II *†
Shamrock Capital Content Fund III *
Shoreline China Value Fund III †
Siguler Guff Oyster Bay Opportunities Fund
SLA Marcus Co-Invest
TA Subordinated Debt Fund III
Taurus Mining Finance II †
Taurus Mining Royalty Fund
The Varde Fund X
Tiverton AgriFinance III †
Waterfall Silver Spring Fund
Wayzata Opportunities Fund III

Rate Sensitive

Garda Firvo
Voya MSR Opportunities Fund I

* denotes the presence of co-investment
† denotes Terra Maria Program

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

TERRA MARIA PROGRAM

as of June 30, 2025

Terra Maria Program

Attucks Asset Management
Birch Run Investments
Channing Global Advisors
Ducenta Squared Asset Management
Foresight Global Investors
Globeflex Capital
Isthmus Partners
Lisanti Capital Growth
LM Capital Group
Longfellow Investment Management
Loop Cap Asset Management
New Century Advisors
Pacific Ridge Capital Partners
Paradigm Asset Management
Phocas Financial Corp
Profit Investment Management
Promethos Capital
Pugh Capital Management Inc
Ramirez Asset Management
Sky Harbor Capital Management
Summit Creek Advisors

Acuitas Investments
Bosun Asset Management
Bridge City Capital
Dean Capital Management
Peapod Lane Capital
Riverwater Partners
Tieton Capital Management

Leading Edge Investment Advisors
Ativo Capital Management
Frontier Global Partners
Haven Global Partners
Henry James International Management Inc
Strategic Global Advisors

Maryland
IQI Emerging Markets
IQI Global Equity
IQI US Small Cap

Xponance
Ballina Capital
Castle Ark Management
Hillsdale Investment Management
Lizard Partners
MAC Alpha Capital Management

Bold denotes Program Manager for the Terra Maria Program

INTERNALLY MANAGED ACCOUNTS

as of June 30, 2025

Commodity Structural
Emerging Markets Structural Overlay/ Tactical
Global Equity Tactical
High Yield Tactical
Inflation Sensitive FI Structural/ Tactical
International Equity Structural/ Tactical
MD Global Infrastructure
MD IG Corporate Bonds
MD Internal Public Equity Tactical
MD International ex US Large Cap Equity
MD International ex US Sci-Beta Value Equity
MD Long Government Bonds
MD Securitized Bonds
MD TIPS
MD US Large Cap Equity
MD US Small Cap Equity
Natural Resource & Infrastructural Overlay
Nominal Fixed Income Structural/ Tactical
US Equity Structural/ Tactical

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

EQUITY COMMISSIONS TO BROKERS
for the Fiscal Year Ended June 30, 2025

(Expressed in Thousands)

Brokers (1)	Total Shares	Total Commission	Average Commission Per Share
Goldman Sachs Group	114,302	$579	$0.51
Jeffries & Company	49,655	284	0.57
Axos Clearing LLC	15,013	272	1.81
Instinet	71,423	259	0.36
Citigroup	29,340	257	0.88
Loop Capital Markets	9,039	189	2.09
BNP Paribas	26,664	149	0.56
CLSA	26,334	146	0.55
JP Morgan	41,760	130	0.31
Bank of America	13,441	123	0.92
State Street	18,659	121	0.65
Other Broker Fees	611,636	1,630	0.27
Total Broker Commissions	1,027,266	$4,139	$0.40

(1) Proceeds from the sale and disbursements for the purchase of securities are reported net of brokers' commissions. As such, brokers' commissions are not included as investment expenses on the Statement of Changes in Fiduciary Net Position. Other broker fees include 126 brokers each receiving less than $100,000 in total commissions.

For the fiscal year ended June 30, 2025, total broker commissions averaged .40 cents per share.

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

LARGEST STOCK & BOND HOLDINGS AT MARKET

as of June 30, 2025

EQUITY SECURITIES:	Shares	Fair Value
Nvidia Corp.	2,977,752	$ 470,455,038
Microsoft Corporation	866,226	430,869,475
Apple Inc.	1,628,940	334,209,620
Amazon.Com Inc.	1,316,363	288,796,879
Meta Platforms Inc. Class A	240,175	177,270,766
Broadcom Inc.	514,942	141,943,762
The Williams Companies, Inc.	2,219,106	139,382,048
Enbridge Inc.	2,886,419	130,623,945
Energy Transfer LP	7,074,484	128,260,395
National Grid PLC	8,155,212	118,627,808
Alphabet Inc. Class A	659,451	116,215,050
Asml Holding NV	135,917	108,108,435
Vinci SA	713,965	104,844,737
American Tower Corp.	444,614	98,268,586
Cheriere Energy Inc.	397,685	96,844,251

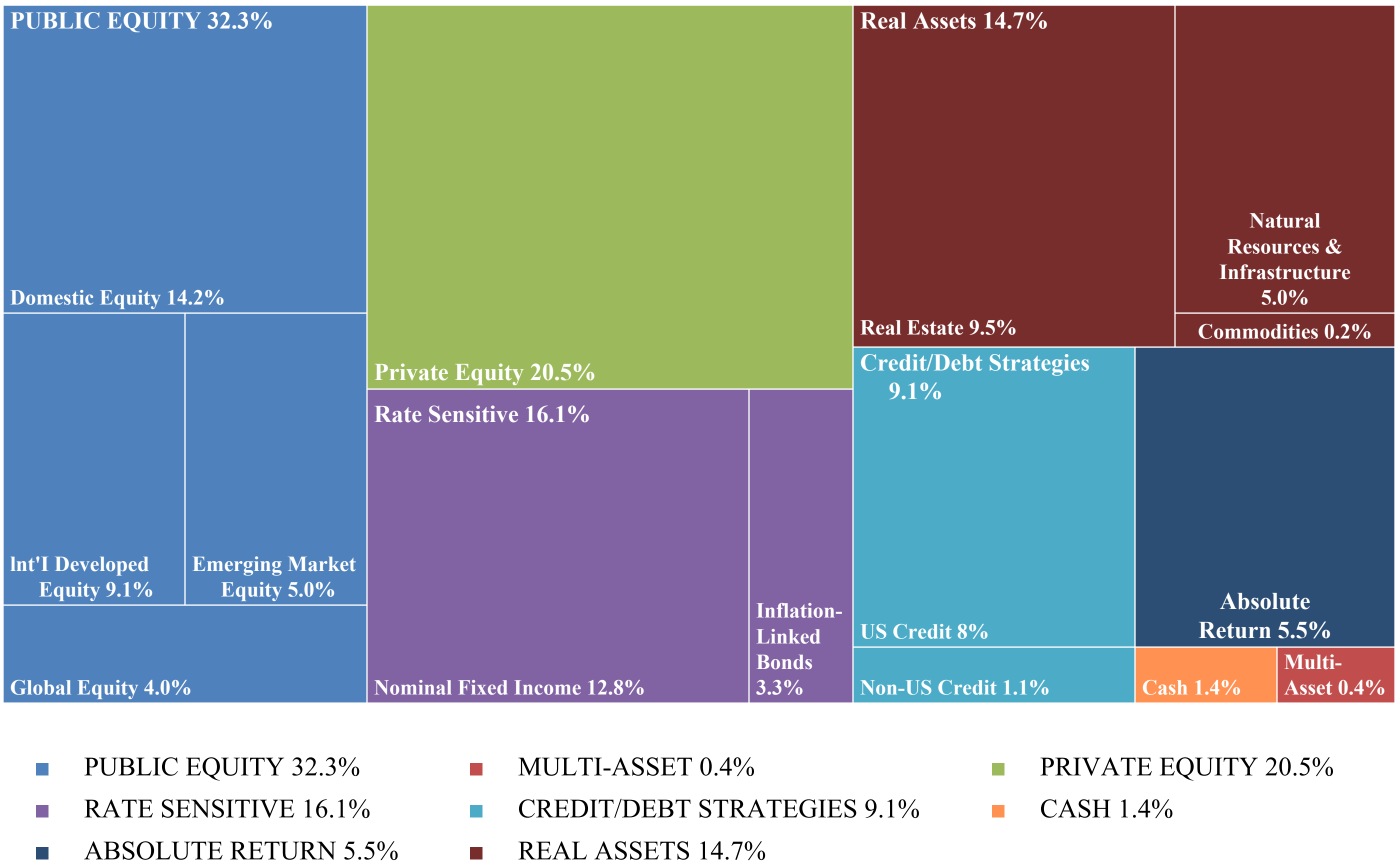
FIXED INCOME SECURITIES:	Par Value	Fair Value
United States Treasury Inflation Linked, 0.875% 15 Jan 2029	$ 203,252,800	$ 200,148,431
United States Treasury Inflation Linked, 0.125% 15 Jan 2030	203,215,360	191,796,402
United States Treasury Inflation Linked, 0.125% 15 Jan 2031	200,848,600	186,079,166
United States Treasury Inflation Linked, 2.125% 15 Apr 2029	176,917,318	181,682,337
United States Treasury Inflation Linked, 0.5% 15 Jan 2028	182,054,600	178,662,411
United States Treasury Inflation Linked, 1.25% 15 Apr 2028	174,310,570	174,000,761
United States Treasury Inflation Linked, 0.125% 15 Jan 2032	187,456,680	169,922,889
United States Treasury Bonds, 3% 15 Nov 2044	196,000,000	150,889,375
United States Treasury Bonds, 4.375% 15 Nov 2039	142,000,000	139,137,813
United States Treasury Inflation Linked, 1.375% 15 Jul 2033	141,101,640	137,025,676
United States Treasury Bonds, 2.875% 15 May 2043	162,400,000	125,124,125
United States Treasury Bonds, 2.5% 15 Feb 2045	157,890,000	111,164,428
United States Treasury Inflation Linked, 0.625% 15 Feb 2043	138,120,840	102,708,491
United States Treasury Inflation Linked, 0.75% 15 Feb 2042	132,018,150	102,600,278
United States Treasury Bonds, 2.75% 15 Nov 2047	131,875,000	93,775,488

A complete list of portfolio holdings is available upon request.

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

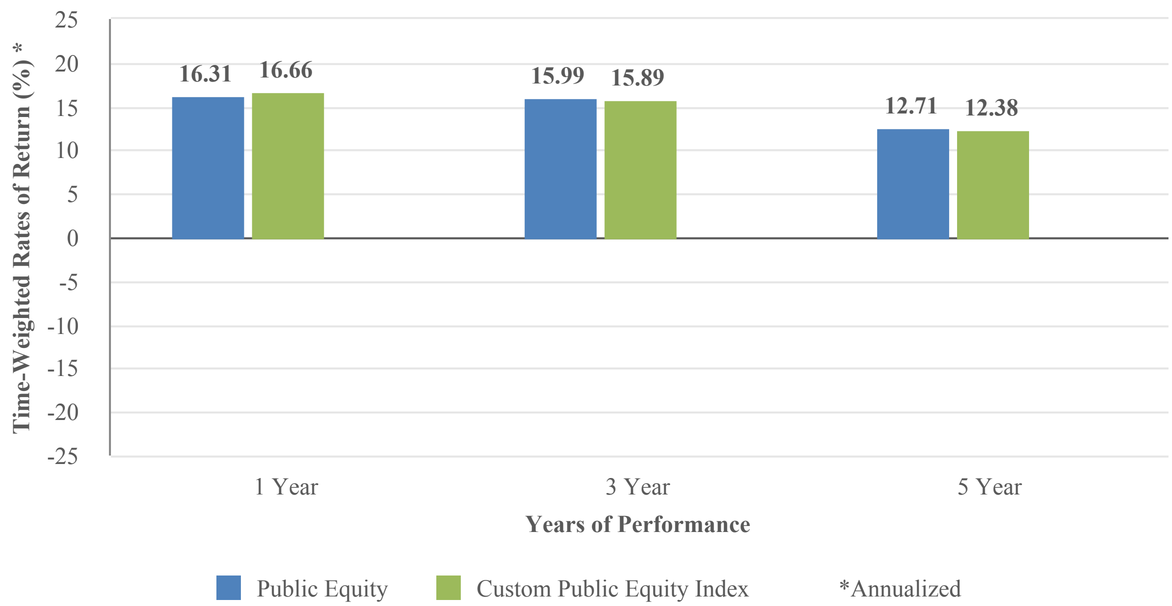
INVESTMENT PORTFOLIO ALLOCATION

as of June 30, 2025

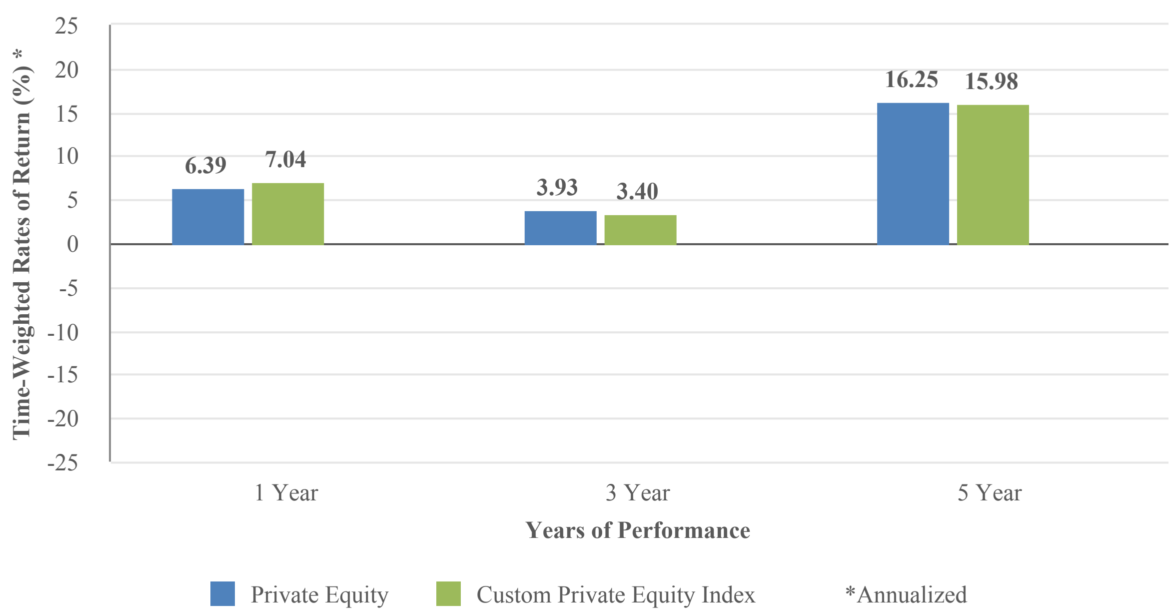


MARYLAND STATE RETIREMENT AND PENSION SYSTEM
COMPARATIVE INVESTMENT RETURNS ENDED JUNE 30, 2025

PUBLIC EQUITY

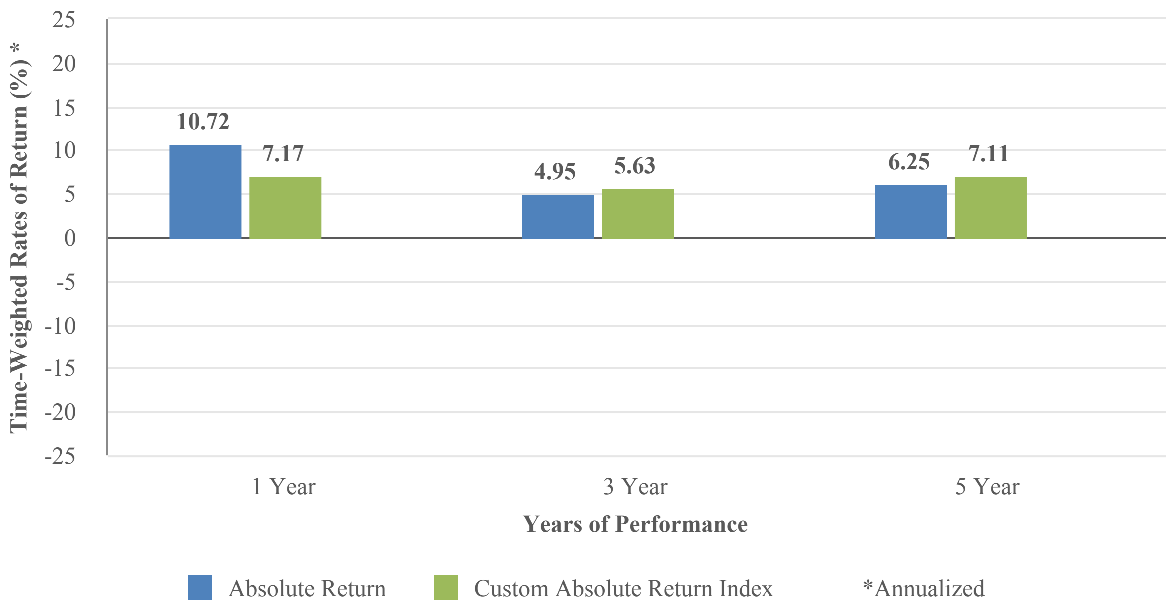


PRIVATE EQUITY

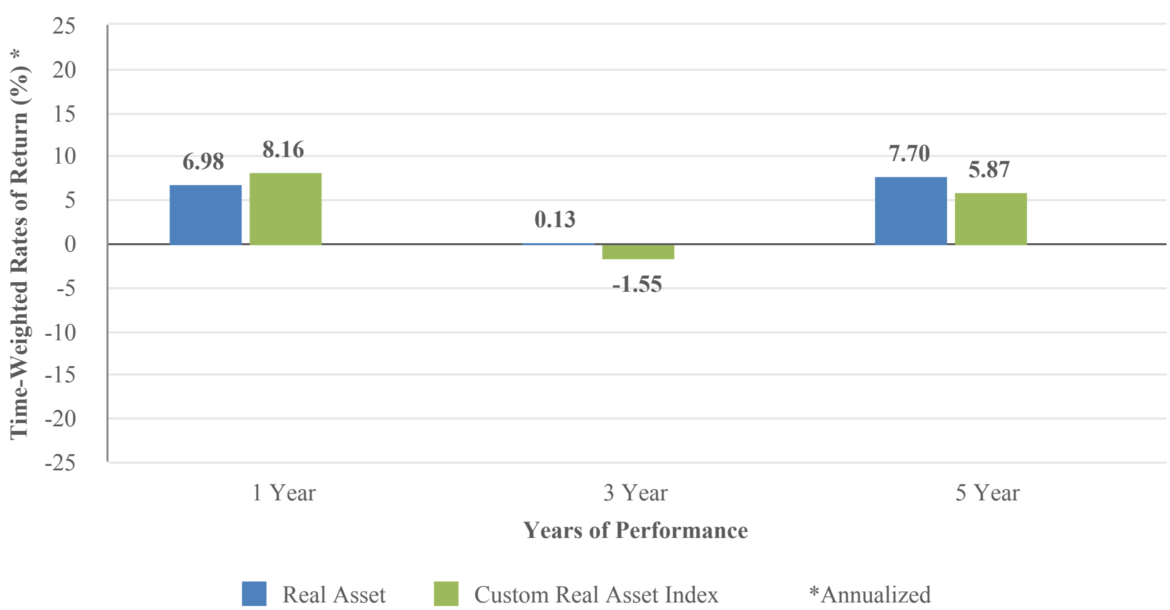


MARYLAND STATE RETIREMENT AND PENSION SYSTEM
COMPARATIVE INVESTMENT RETURNS ENDED JUNE 30, 2025

ABSOLUTE RETURN



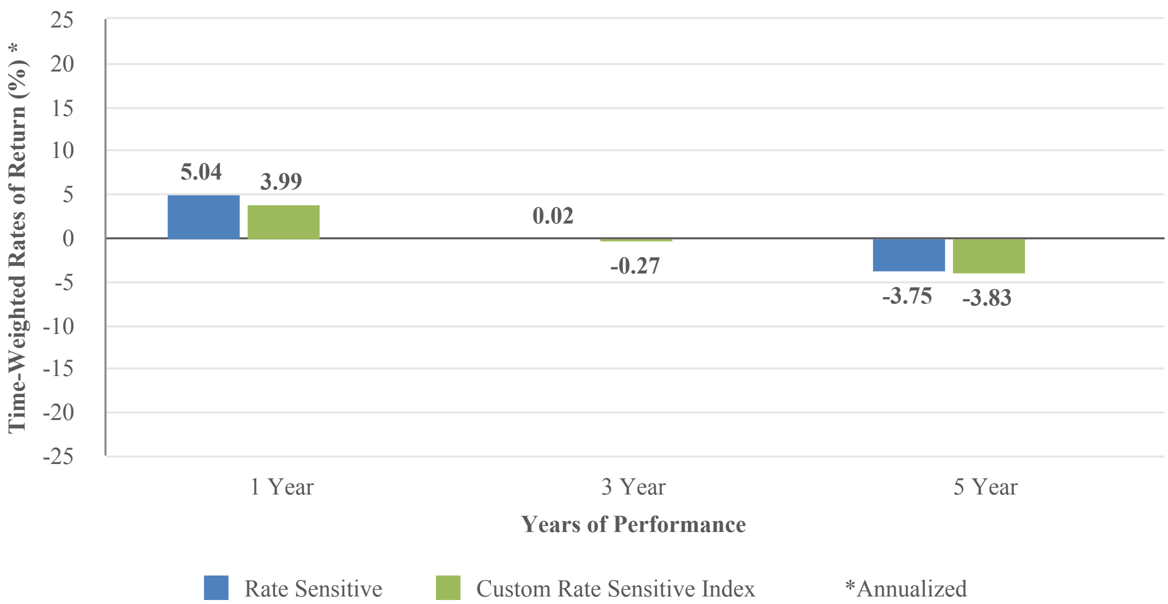
REAL ASSET



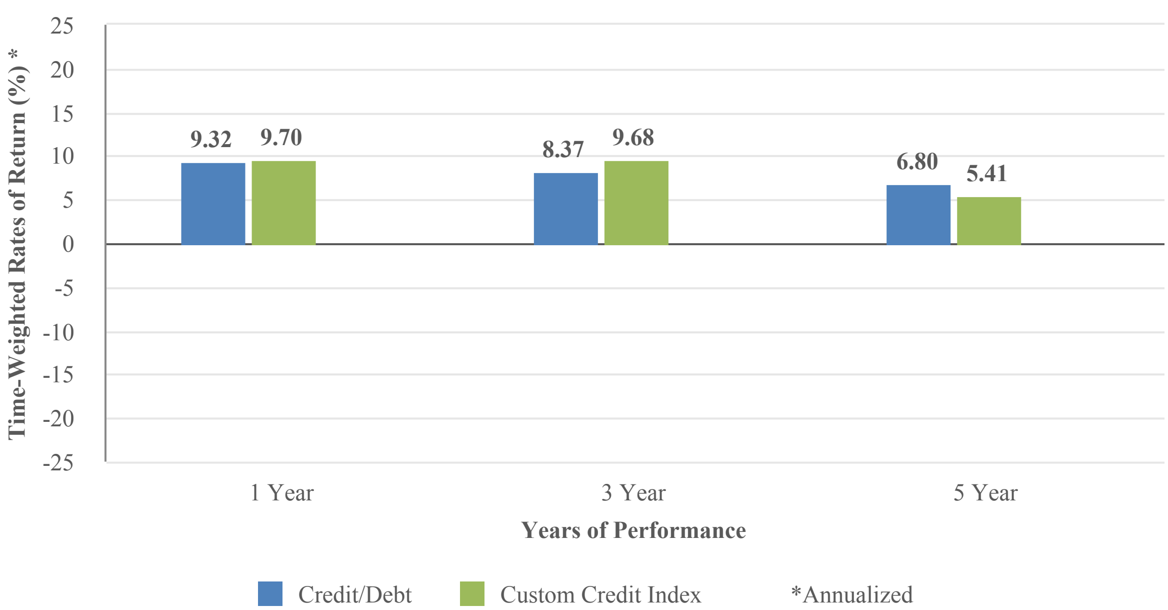
MARYLAND STATE RETIREMENT AND PENSION SYSTEM

COMPARATIVE INVESTMENT RETURNS ENDED JUNE 30, 2025

RATE SENSITIVE

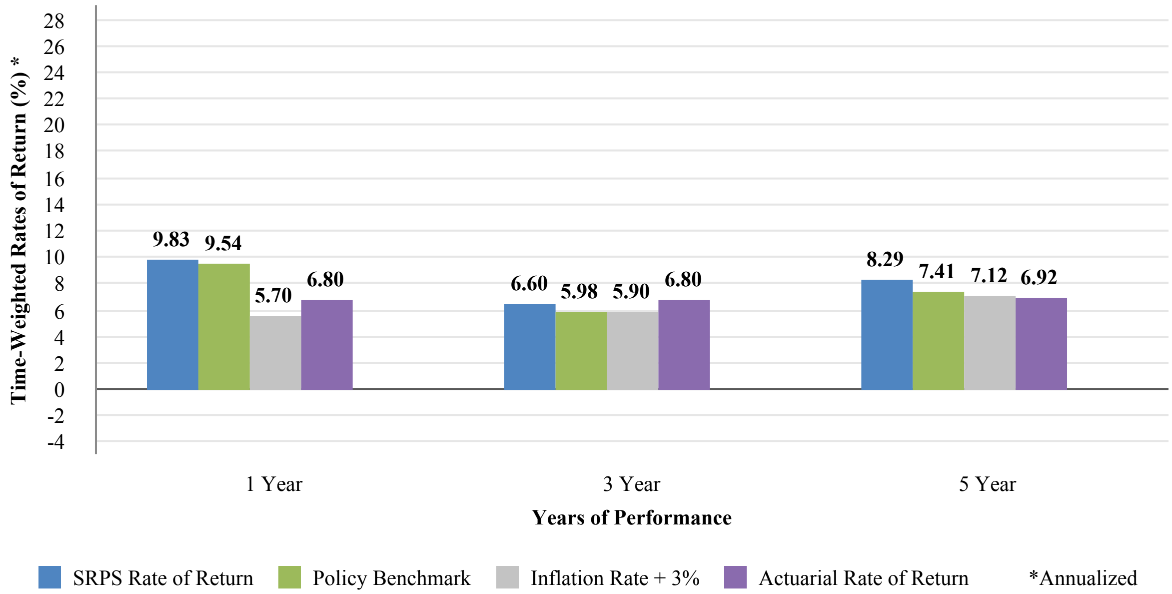


CREDIT / DEBT

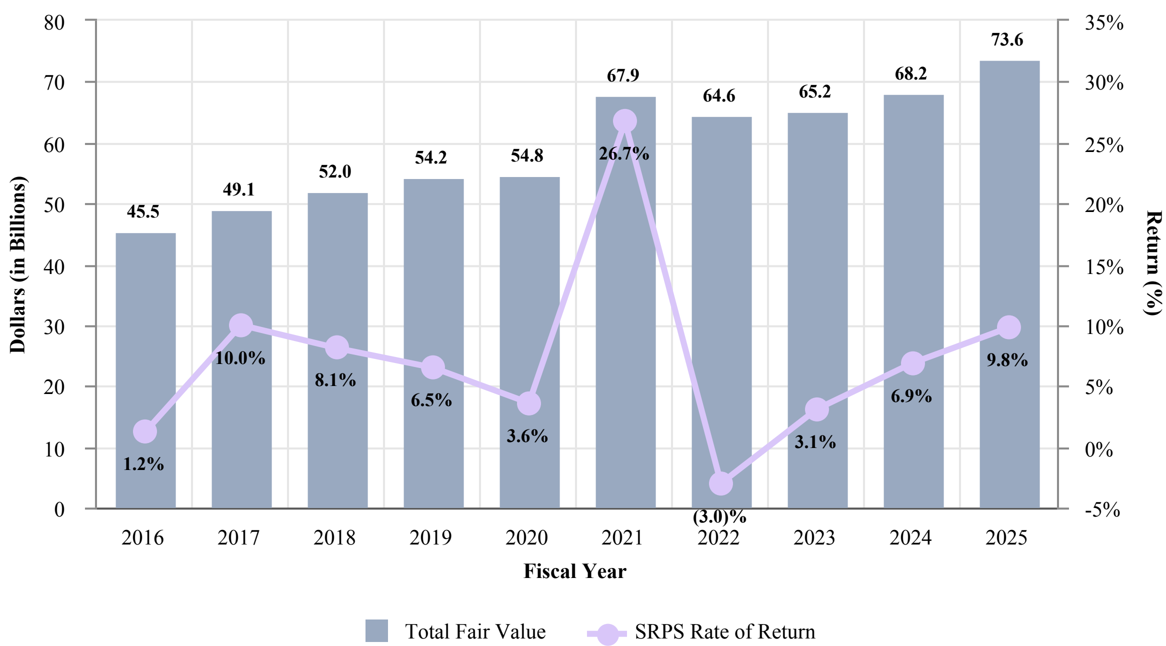


MARYLAND STATE RETIREMENT AND PENSION SYSTEM

TOTAL PLAN



TEN-YEAR HISTORY OF TIME-WEIGHTED ANNUAL RETURNS & GROWTH OF INVESTMENT PORTFOLIO



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Actuarial Section

800.521.0498 | P: 248.799.9000 | www.grsconsulting.com

October 3, 2025

Board of Trustees
Maryland State Retirement and Pension System
120 East Baltimore Street, 16th Floor
Baltimore, MD 21202

Dear Members of the Board:

The results of the ***June 30, 2025 annual actuarial valuation*** of the Maryland State Retirement and Pension System ("MSRPS") are presented in this Section.

The purposes of the annual actuarial valuation are as follows:

- Measure the financial position of MSRPS with regard to funding,
- Provide the Board with State and Participating Governmental Unit ("PGU") contribution rates for certification,
- Determine actuarial contribution rates,
- Discuss some of the risks associated with achieving the funding objectives of MSRPS, and
- Analyze the aggregate experience of the State Systems over the past year.

Information required by Statements No. 67 and No. 68 of the Governmental Accounting Standards Board ("GASB") for fiscal year 2025 is provided in a separate report.

The following schedules in the Actuarial Section, Financial Section, Statistical Section, and Plan Summary Section of the Comprehensive Annual Financial Report were prepared by Gabriel, Roeder, Smith & Company based upon certain information presented in the previously mentioned funding and financial reporting valuation reports:

Actuarial Section
Summary of Valuation Results
Actuary's Comments
Other Observations
Prior Year Asset Experience
Trends
Summary of Assumptions
Schedules of Active Membership by Plan
Summary of Unfunded Liabilities/Solvency Test
Summary of Retirees and Beneficiaries
Summary of Principal Results

One Towne Square | Suite 800 | Southfield, Michigan 48076-3723

Board of Trustees
Maryland State Retirement and Pension System
October 3, 2025
Page 2

Financial Section
- Summary of Membership by System
- Schedules of Funding Progress
- Net Pension Liability/(Asset)
- Key Methods and Assumptions Used in Valuation of Total Pension Liability
- Sensitivity of Net Pension Liability/(Asset) to Changes in the Discount Rate
- Schedules of Changes in Net Pension Liability/(Asset)
- Schedule of Contributions from Employers and Other Contributing Entities

Statistical Section
- Schedule of Benefit Expense by Type
- Average Benefit Payments
- Employer Contributions by Plan
- Active Membership by Plan
- Retirees and Beneficiaries by Plan
- Principal Participating Employees
- Retired Members by Type of Retirement and Option Selected

Plan Summary Section
- Membership Schedules

The individual member data required for the valuations was furnished by the SRA, together with pertinent data on financial operations (unaudited). The cooperation and collaboration of SRA staff in furnishing these materials is acknowledged with appreciation. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the SRA.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board adopts these assumptions after considering the advice of the actuary and other professionals.

Each actuarial valuation considers all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. GRS performed an experience study of MSRPS for the period 2018-2023 after completion of the June 30, 2023 valuations. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates, and rates of salary increase were adopted by the Board for first use in the June 30, 2024 valuation. All actuarial assumptions used in this report are reasonable for the purposes of this valuation. The combined effect of the assumptions is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). All actuarial assumptions and methods used in the valuation follow the guidance in the applicable Actuarial Standards of Practice.

Board of Trustees
Maryland State Retirement and Pension System
October 3, 2025
Page 3

Based upon the results of a projection performed in accordance with GASB Statement No. 67 parameters, the Single Discount rate for purpose of discounting pension liabilities for pension financial reporting purpose is 6.80%.

The computed contribution rates may be considered as a minimum contribution rate that complies with the funding policy stated in the Statutes and anticipate reinvested savings. Users of this report should be aware that contributions made at that rate do not guarantee benefit security. Given the importance of benefit security to any retirement system, we suggest that contributions to the System in excess of those presented in this report be considered.

The plan provisions valued in the actuarial valuation as of June 30, 2025 are the same as the provisions from the last actuarial valuation as of June 30, 2024. For a period of time, portions of the savings from the 2011 pension reforms passed by the General Assembly were reinvested as additional contributions into the System. Subsequent legislation reduced the amount of reinvested savings, and ultimately the reinvested savings was eliminated effective July 1, 2025.

We have assessed that the contribution rates calculated under the current funding policy are reasonable Actuarially Determined Employer Contributions (ADEC) and are consistent with the plan accumulating adequate assets to make benefit payments when due.

This valuation assumes the continuing ability of the employer to make the contributions necessary to fund this system. A determination regarding whether or not the employer is actually able to do so is outside our scope of expertise. Consequently, we did not perform such an analysis.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The actuary did not perform an analysis of the potential range of such future measurements in this actuarial valuation report.

GRS

Board of Trustees
Maryland State Retirement and Pension System
October 3, 2025
Page 4

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. We certify that, to the best of our knowledge, this report is complete and accurate and has been prepared in accordance with Maryland's Annotated Code and generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice as promulgated by the Actuarial Standards Board.

This report should not be relied on for any purpose other than the purposes previously described. Determinations of the financial results associated with benefits described in this report in a manner other than the intended purpose may produce significantly different results.

The signing actuaries are independent of the plan sponsor.

This is one of multiple documents comprising the actuarial report. Other documents comprising the actuarial report include the PowerPoint presentation presented to the Board in October 2025 and separately to the Joint Committee on Pensions in November 2025. Not all of these documents have been issued as of this date.

Brad L. Armstrong, and Jeffrey T. Tebeau are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Brad L. Armstrong, ASA, EA, FCA, MAAA

Jeffrey T. Tebeau, FSA, EA, FCA, MAAA

BLA/JTT:rmn:dj

3108

GRS

INTRODUCTION

The funding valuation report presents the results of the June 30, 2025 annual actuarial valuation of the Maryland State Retirement and Pension System (MSRPS or the System). The purposes of the annual funding valuation are as follows:

- Measure the financial position of MSRPS with regard to funding,
- Provide the Board with State and Participating Governmental Unit ("PGU") contribution rates for certification,
- Determine actuarial contribution rates,
- Discuss some of the risks associated with achieving the funding objectives of MSRPS, and
- Analyze the aggregate experience of the State Systems over the past year.

A summary of the primary funding valuation results as of June 30, 2025 is presented on the following page.

The Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68 valuation report presents the results of the June 30, 2025 annual accounting valuation of MSRPS. The purpose of the annual accounting valuations is as follows:

- Provide actuarial reporting and disclosure information for the MSRPS and State's financial report.

The accounting valuation results for the year ended June 30, 2025 are presented in a separate report.

Actuarial Assumptions

The assumptions used for the actuarial valuation were recommended by the System's independent actuary, based upon periodic analyses of the System's experience, and adopted by the Board of Trustees. The most recent analysis of the System's experience was performed in 2024 and new assumptions were adopted for the June 30, 2024 valuation. There were no changes to assumptions adopted for the June 30, 2025 valuation. Differences between assumed and actual experience (i.e., actuarial gains and losses) are part of the unfunded actuarial liability. The following significant assumptions were used in the actuarial valuation as of June 30, 2025:

- A rate of return on investments of 6.80% compounded annually (effective June 30, 2021);
- projected salary increases of 3.00% compounded annually, attributable to wage inflation (effective June 30, 2024);
- additional projected salary increases ranging from 3.00% to 22.50% per year attributable to seniority and merit (effective June 30, 2024);
- post-retirement benefit increases ranging from 2.13% to 3.00% per year depending on the system for service earned prior to July 1, 2011, and 1.40% to 3.00% per year depending on the system for service earned on or after July 1, 2011 (effective June 30, 2024);
- rates of mortality, termination of service, disablement and retirement based on actual experience during the period from June 30, 2018 through June 30, 2023 (effective June 30, 2024); and
- an increase in the aggregate active member payroll of 3.00% annually (effective June 30, 2024).

SUMMARY OF VALUATION RESULTS
JUNE 30, 2025
($ IN MILLIONS)
(STATE AND MUNICIPAL)

	2025							2024	
	TCS	**ECS (1)**	**State Police**	**Judges**	**LEOPS (2)**	**CORS (3)**	**Total**	**Total**	**% Change**
A. Demographic Information									
1. Active Number Counts	116,545	87,220	1,302	315	2,987	160	208,529	205,044	1.7%
2. Active Payroll	$ 9,537	$ 6,618	$ 151	$ 63	$ 280	$ 11	$ 16,660	$ 15,651	6.4%
3. Retired Number Counts	85,947	85,995	2,668	475	2,723	77	177,885	176,171	1.0%
4. Annual Benefits for Retired Members (4)	$ 2,966	$ 1,940	$ 174	$ 51	$ 114	$ 3	$ 5,249	$ 5,027	4.4%
5. Deferred / Inactive Number Counts	23,113	21,562	80	9	306	4	45,074	46,099	(2.2)%
6. Total Number Counts	225,605	194,777	4,050	799	6,016	241	431,488	427,314	1.0%
B. Assets									
1. Market Value (MV)	44,167	24,541	2,122	653	1,711	47	73,241	67,908	7.9%
2. Rate of return on MV(5)							9.79 %	6.88 %	
3. Actuarial Value (AV)	44,542	24,730	2,138	658	1,721	48	73,837	70,327	5.0%
4. Rate of Return on AV							6.84 %	5.56 %	
5. Ratio of AV to MV							100.80 %	103.60 %	
C. Actuarial Results									
1. Normal Cost as a % of Payroll	12.27 %	11.29 %	38.94 %	39.96 %	25.99 %	15.10 %	12.46 %	12.28 %	
2. Actuarial Accrued Liability (AAL)									
a. Active	$ 25,390	$ 12,769	$ 788	$ 237	$ 883	$ 28	$ 40,095	$ 37,954	5.6%
b. Retired	30,904	21,235	2,410	559	1,558	36	56,702	54,822	3.4%
c. Deferred/Inactive	1,669	1,342	17	9	49	–	3,086	3,002	2.8%
d. Total	$ 57,963	$ 35,346	$ 3,215	$ 805	$ 2,490	$ 64	$ 99,883	$ 95,778	4.3%
3. Unfunded AAL (UAAL)	$ 13,420	$ 10,617	$ 1,077	$ 147	$ 769	$ 17	$ 26,047	$ 25,448	2.4%
4. Funded Ratio	76.85 %	69.97 %	66.50 %	81.74 %	69.12 %	75.00 %	73.92 %	73.43 %	

D. Contribution Rates (6)	STATE PORTION ONLY							
	FY 2027						FY 2026	FY 2025
	TCS	**ECS**	**State Police**	**Judges**	**LEOPS**	**Total**	**Total**	**Total**
1. Pension Contributions								
a. Employer Normal Cost	5.27 %	4.98 %	31.11 %	33.02 %	19.20 %	5.71 %	5.52 %	5.27 %
b. Member Contribution Rate	7.00 %	6.74 %	7.83 %	6.94 %	6.90 %	6.92 %	6.93 %	6.93 %
c. UAAL Contribution Rate	12.71 %	16.69 %	63.72 %	20.66 %	28.46 %	14.76 %	14.71 %	13.88 %
d. Total	24.98 %	28.41 %	102.66 %	60.62 %	54.56 %	27.39 %	27.16 %	26.08 %
2.Total Actuarial Employer Rate (1.a + 1.c)	17.98 %	21.67 %	94.83 %	53.68 %	47.66 %	20.47 %	20.23 %	19.15 %
3. Total Employer Budgeted Rate								
a. Employer Budgeted Rate	17.98 %	21.67 %	94.83 %	53.68 %	47.66 %	20.47 %	20.23 %	19.15 %
b. Reinvested Saving Rate	– %	– %	– %	– %	– %	– %	– %	0.59 %
c. Total Employer Budgeted Rate	17.98 %	21.67 %	94.83 %	53.68 %	47.66 %	20.47 %	20.23 %	19.74 %

(1) Includes ECS State, ECS Municipal, and CORS State.
(2) Includes LEOPS State and LEOPS Municipal.
(3) Includes CORS Municipal only.
(4) Retiree benefit amounts include the cost-of-living adjustment granted July 1, 2025 and July 1, 2024 , respectively.
(5) Actuarial estimation method used is expected to produce results that differ modestly from figures reported by the System.
(6) Contribution rates shown in the "Total" column are for informational purposes only and are not used for funding purposes.

Total may not add due to rounding

ACTUARY'S COMMENTS

For the year ended June 30, 2025, the System's assets earned 9.79% based on our estimate and 9.83% as reported by the System (using a slightly different computation method) on a market value basis and 6.84% on a smoothed or actuarial value basis. The smoothed rate of return was slightly greater than the 6.80% assumed rate of investment return for fiscal year 2025. There were recognized asset gains from fiscal years 2021, 2024, and 2025 which were partially offset by recognized asset losses from fiscal years 2022 and 2023 in the actuarial value of assets as of June 30, 2025. This resulted in a gain under the asset smoothing method.

UAAL and Actuarial Gain/(Loss)
($ in Millions)

	Municipal	State	Total SRPS
Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2024	$ 1,633	$ 23,816	$ 25,449
Expected UAAL as of June 30, 2025 before changes	1,613	23,465	25,078
Changes in benefit provisions	–	–	–
Changes in methods and assumptions	–	–	–
Expected UAAL as of June 30, 2025 after changes	1,613	23,465	25,078
Actual UAAL as of June 30, 2025	1,692	24,355	26,047
Net actuarial gain/(loss)	(79)	(890)	(969)
Actuarial gain/(loss) by source			
Actuarial investment experience	3	26	29
Actuarial accrued liability experience	(82)	(916)	(998)

Totals may not add due to rounding

In relative terms, the overall System funded ratio of actuarial value of assets to liabilities increased from 73.43% in 2024 to 73.92% this year. If the market value of assets were the basis for the measurements, the funded ratio would have increased from 70.91% to 73.33%.

The market value of assets exceeds the retiree liabilities by about 29% in total (or 7% if accumulated member contributions of about $12.7 billion are netted out), which increased from 24% last year. This is referred to as a short condition test and is demonstrated in the chart at the bottom of this page. It is looking at the current retiree liabilities as the benefits that will be paid the soonest since these benefits are already in pay status. Active liabilities and deferred vested liabilities do not have associated immediate cash flow requirements. Although the market value of assets exceeds the current retiree liabilities in total, this is not true for all of the systems individually. For State Police, the market value of assets is less than the retiree liabilities and to a lesser extent, ECS and LEOPS when excluding member contributions.

Summary of Contribution Rates by State System ($ in Millions)

	TCS	ECS	State Police	Judges	LEOPS	CORPS	Total
Market Value of Assets (MVA)	$ 44,167	$ 24,541	$ 2,122	$ 653	$ 1,711	$ 47	$ 73,241
Retiree Liability	30,904	21,235	2,410	559	1,558	36	56,702
MVA as % of Retiree Liability	143%	116%	88%	117%	110%	131%	129%
Excluding Member Contributions	117%	97%	83%	109%	98%	114%	107%

House Bill 1072 of 2025 requires that, beginning in fiscal year 2027, the normal cost contribution rate includes an amount for the administrative and operational expenses of the Board of Trustees and the State Retirement Agency, excluding the administrative and operational expenses of the Investment Division. This new requirement added an additional 0.25% of payroll to the normal cost portion of the employer contribution rates and therefore contributed to the increase in the rates since the previous valuation.

The actuarially determined rates are equal to the employer normal cost plus the Unfunded Actuarial Accrued Liability (UAAL) contribution rate. The unfunded actuarial contribution rate is equal to the payment resulting from amortizing the unfunded liability as a level percentage of pay over various time periods depending on the source of the UAAL.

The fiscal year 2027 budgeted rates for the State Systems are equal to the actuarially determined rate.

The schedules required under Government Accounting Standards Board (GASB) Statements No. 67 (beginning with fiscal year 2014) and No. 68 (beginning with fiscal year 2015) are provided in a separate report.

History of Recent Changes

The General Assembly passed legislation in 2023 that amends how the unfunded liabilities of the System are amortized. The existing unfunded liability as of June 30, 2023 for each State System will continue to be amortized over a single closed 25-year period beginning July 1, 2014 and ending June 30, 2039 (13 years remaining as of the June 30, 2025 valuation, which determines the fiscal year 2027 contribution). Beginning July 1, 2023 (first affecting the 2024 valuation), any new unfunded liabilities or surpluses that accrued during the preceding fiscal year are amortized over closed periods according to the following guidelines:

- Over 15 years for experience gains and losses;
- Over 25 years for gains or losses attributable to changes to actuarial assumptions or methods;
- Over a period ranging from no less than 10 and no more than 15 years for gains or losses stemming from new legislation (except early retirement incentives); and
- Over 5 years for any accrued liability stemming from legislation providing incentives for the early retirement of State employees.

In 2011, the General Assembly enacted pension reforms which were effective July 1, 2011, and affected both current actives and new hires. The member contribution rate was increased for members of the Teachers' Pension System and Employees' Pension System from 5% to 7%. The member contribution rate was increased from 4% to 7% for LEOPS. In addition, the benefit attributable to service on or after July 1, 2011 is subject to cost-of-living adjustments (COLAs) that are based on the increase in the Consumer Price Index and capped at 2.5% or 1.0%. The cap is 2.5% if the market value investment return from the preceding calendar year was higher than the investment return assumption used in the previous valuation (6.80%) and in effect as of December 31 of the preceding fiscal year, and 1.0% otherwise. There were also reforms that affected only those members hired on or after July 1, 2011.

In addition to the benefit provision changes in 2011, a portion of the savings from the pension reforms is to be reinvested in certain State Systems (TCS, ECS, State Police, and LEOPS). The allocation of reinvested savings by System is in proportion to the savings from the pension reforms as measured in the actuarial valuation as of June 30, 2011. Reinvested savings of $191 million was contributed in fiscal year 2013. Legislation enacted in 2014 changed the amount of reinvested savings from $300 million each year beginning in fiscal year 2014 to $100 million each year for fiscal years 2014 and 2015, $150 million for fiscal year 2016, $200 million for fiscal year 2017, $250 million for fiscal year 2018, $300 million each year beginning in fiscal year 2019 and thereafter. The $300 million would then continue until the later of the combined funded ratio of the Systems reaching 85%, and the corridor funding method being fully phased-out. Legislation enacted in 2015 further reduced the amount of reinvested savings to $75 million per year beginning in fiscal year 2016 until the combined funded ratio of the Systems reaches 85% at which point the reinvestment ceases. For fiscal year 2024, the legislature reduced the amount of reinvested savings by $39.7 million. The provision that allowed these additional contributions was eliminated by the legislature effective July 1, 2025.

Beginning in fiscal year 2012, employers pay a per-member fee to cover the Retirement Agency's operating expenses (i.e., administrative expenses). The State pays the fee for libraries. This method of covering the Retirement Agency's operating expenses ends in fiscal year 2026 with the passage of HB 1072 of 2025.

Beginning in fiscal year 2013, local employers contributed toward the normal cost for the Teachers Combined System. The required portion of normal cost contribution amounts for local employers for fiscal years 2013 through 2016 was defined by the Maryland statutes. Beginning in fiscal year 2017, local employers contribute the full normal cost contribution on behalf of their employees.

In the 2013 legislative session, the Legislature changed the method used to fund the State Systems of the MSRPS. The unfunded liability for each State System was being amortized over a single closed 25-year period ending June 30, 2039. In addition, the corridor method used by the Teachers' Combined System and the State portion of the Employees' Combined System, which was established in 2001, was being phased-out over a 10-year period. In 2015, the Legislature removed the corridor funding method effective with the June 30, 2015 valuation.

The Teachers' Combined System (TCS) remained out of the corridor since the June 30, 2005 valuation and the State portion of the Employees Combined System (ECS) remained out of the corridor since the June 30, 2004 valuation resulting in contribution rates for TCS and ECS that were less than actuarial rates. With the elimination of the corridor effective with the June 30, 2015 valuation report, TCS and ECS began to contribute based on the actuarially determined rate beginning in fiscal year 2017.

OTHER OBSERVATIONS

General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected System Contributions and Funded Status

Given the System's contribution allocation procedure, if all actuarial assumptions are met (including the assumption of the System earning 6.80% on the actuarial value of assets), it is expected that:

1. The employer normal cost as a percentage of pay will decrease to the level of the Reformed Benefit Plan's (i.e., plans for members hired after July 1, 2011) normal cost as time passes and the active population is comprised entirely of Reformed Plan members;
2. The unfunded actuarial accrued liabilities will be fully amortized according to the current amortization schedule (June 30, 2050, after the unfunded liability from assumption changes is fully amortized); and
3. The funded status of the plan will increase gradually towards a 100% funded ratio.

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the Actuarial Accrued Liability and the actuarial value of assets. Unless otherwise indicated, with regard to any funded status measurements presented in this report:

1. The measurement is inappropriate for assessing the sufficiency of System assets to cover the estimated cost of settling the System's benefit obligations; for example, transferring the liability to an unrelated third party in a free market type transaction.
2. The measurement is dependent upon the actuarial cost method which, in combination with the System's amortization policy, affects the timing and amounts of future contributions. The amounts of future contributions will most certainly differ from those assumed in this report due to future actual experience differing from assumed experience based upon the actuarial assumptions. A funded status measurement in this report of 100% is not synonymous with no required future contributions. If the funded status were 100%, the System would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit).
3. The measurement would produce a different result if the market value of assets were used instead of the actuarial value of assets, unless the market value of assets is used in the measurement.

PRIOR YEAR ASSET EXPERIENCE

Assets (State and Municipal)

Plan assets for this System are measured on both a market value and an actuarial or smoothed value basis. The actuarial smoothing method annually recognizes 20% of the difference between (a) the expected investment return if the market value of assets had earned the assumed rate of 6.80% during FY 2025, and (b) the actual investment return. Bear in mind that the expected return for this purpose is based on the assumed return from the prior year's actuarial valuation. In addition, there is a market value collar that constrains the actuarial value to be within 20% of the market value of assets. In periods of high returns, this method defers the amount of asset gains above the assumed return. Conversely, in periods of returns below the assumed rate, recognition of the losses is deferred. This method limits the effect of temporary asset value fluctuations on contribution rates. The System does not immediately feel the full impact of lower (or higher) costs when asset values fluctuate dramatically.

For the year ended June 30, 2025, the System's assets earned 9.79% based on our estimate and 6.93% as reported by the System (using a slightly different computation method) on a market value basis and 6.84% on an actuarial value basis. The System experienced an investment gain of $2.0 billion on a market value basis and a slight gain of $0.03 billion on an actuarial basis. Reconciliations of market value and actuarial value of assets are presented below:

Item (In Millions)	**Market Value**	**Actuarial Value**
June 30, 2024 Value	$ 67,908	$ 70,327
Employer Contributions	2,947	2,947
Member Contributions	1,130	1,130
Benefit Payments and Other Disbursements	(5,335)	(5,335)
Expected Investment Earnings (6.80% 2025)	4,576	4,740
Expected Value June 30, 2025	$ 71,227	$ 73,810
Investment Gain/(Loss)	2,013	29
June 30, 2025 Value	$ 73,240	$ 73,839
Figures may not add exactly due to rounding		

The 2021 valuation recognized 40% of the investment gain from FY 2021 in the determination of the actuarial value of assets rather than the 20% normally recognized. The remaining 60% was recognized equally over the next four valuations (15% was recognized in 2022, 2023, 2024, and 2025).

TRENDS (STATE AND MUNICIPAL)

One of the best ways to measure or evaluate the financial condition of a pension plan is to examine the historical trends that are evolving. Below are three charts which illustrate trend information from 2001 through the end of 2025, on the System's assets and liabilities, annual cash flows in and out of the fund, and the State contribution rate. Our comments on each follow.

Chart A: Assets/Liabilities

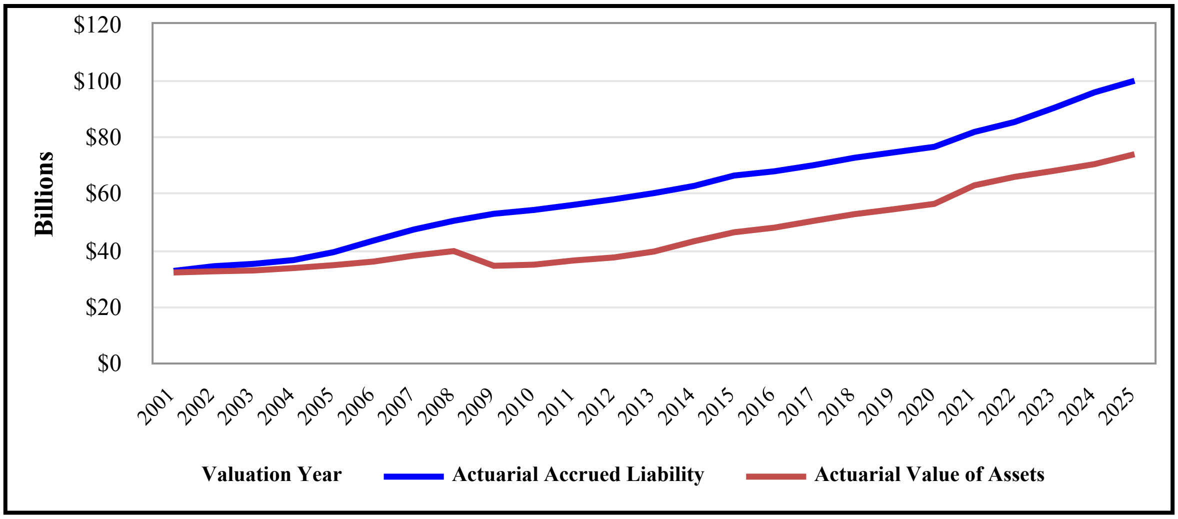


Chart B: Benefits vs. Contributions

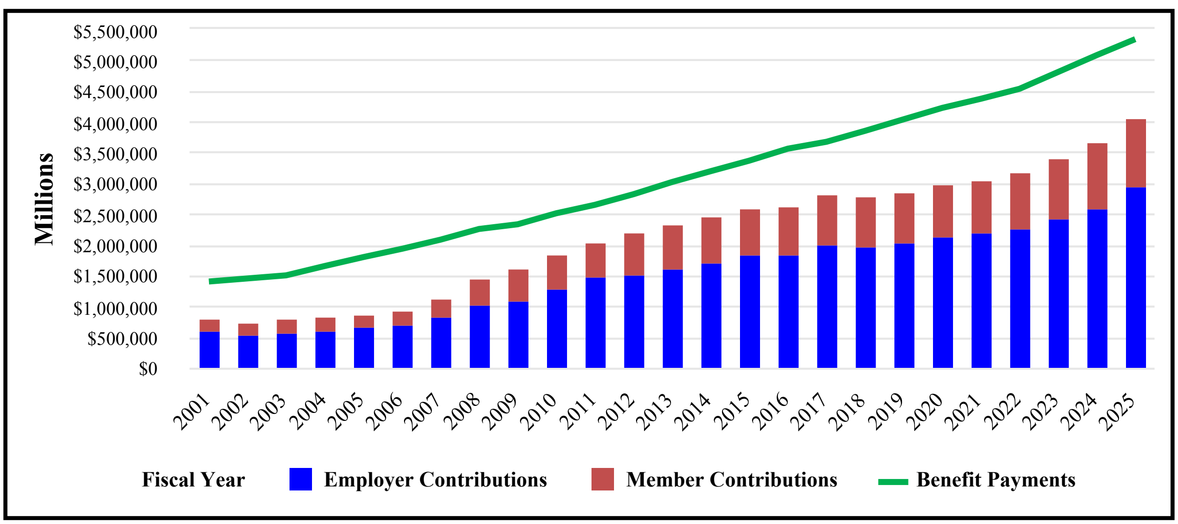
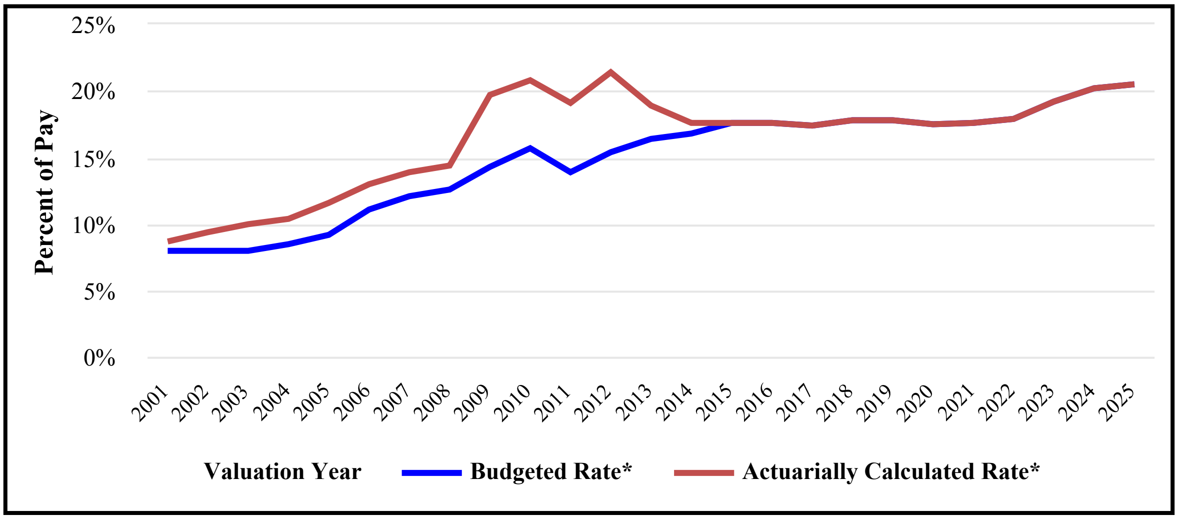


Chart C: State Contributions Rate



(*) Excludes reinvested savings in valuation years 2010. 2010 rates are prior to the 2011 General Assembly Reforms.

Chart A displays a comparison of the actuarial value of assets and the Actuarial Accrued Liability (AAL). The difference between the actuarial value of assets and the AAL is the Unfunded Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability is about $26 billion as of June 30, 2025, and increased by about $0.6 billion since the last valuation as of June 30, 2024. Although not visible in the chart, as of June 30, 2025, the actuarial value of assets under the five-year asset smoothing method shown in the chart is 101% of the market value of assets, compared with 104% as of June 30, 2024.

Chart B presents non-investment cash flow trend information that can have investment implications. With the aging and retirements of the baby boom generation, MSRPS has seen increases in payments to retirees. This is expected for mature retirement systems such as MSRPS. Benefit payments, which are the total amount below the green line, exceeds the total contributions, which is the total amount below the top of the red bar. The amount needed to pay the excess of benefit payments over total contributions comes from either investment return or liquidation of current assets. If the difference between the total benefit payments and total contributions increases, a larger portion of investment return will be needed to pay benefits and may require a change in asset allocation. The corridor method increased the extent of negative cash flows from fiscal year 2003 to fiscal year 2016. The corridor funding method was eliminated first effective with the June 30, 2015 valuation. The budgeted rates have been equal to the actuarial rates since fiscal year 2017.

Finally, Chart C looks at the composite actuarially determined and budgeted State contribution rates. The budgeted contribution rates by System determine the fiscal year State appropriation. It shows how the rate has increased since the year 2001, after years of sustained investment gains in the 1990s. Effective with the 2001 valuation, the State appropriations were performed under a corridor funding method for the two largest plans, TCS and ECS-State. The appropriation remained essentially level for a few years before increasing with the 2004 valuation. Legislation enacted in 2015 removed the corridor funding method for TCS and ECS beginning with the valuation as of June 30, 2015. The budgeted rate is now equal to the actuarial rate for TCS and ECS, as well as the rest of the Systems.

Chart C further illustrates that the corridor method consistently acted to reduce the State's contributions calculated in valuations between 2001 and 2015.

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MARYLAND STATE RETIREMENT
SUMMARY OF UNFUNDED ACTUARIAL

Valuation Date June 30,	Actuarial Liabilities For: Active Member Contributions	Retirees, Term Vested and Inactives	Active Members Employer Fin. Portion	Total Liabilities	Actuarial Value of Assets
2016	$ 6,437,712,138	$ 41,640,894,712	$ 19,703,317,255	$ 67,781,924,105	$ 47,803,679,296
2017	7,023,662,251	43,117,075,812	19,845,837,454	69,986,575,517	50,250,464,717
2018	7,557,858,673	45,341,184,229	19,675,645,860	72,574,688,762	52,586,536,035
2019	8,142,516,497	46,654,221,664	19,729,262,120	74,526,000,281	54,361,969,141
2020	8,770,367,300	47,732,961,164	19,967,706,953	76,471,035,417	56,246,893,989
2021	9,460,950,720	50,302,226,715	21,975,379,589	81,738,557,024	62,817,937,925
2022	10,012,448,913	52,876,516,715	22,359,098,000	85,248,063,628	65,798,923,071
2023	10,651,550,595	55,684,454,730	23,983,363,675	90,319,369,000	67,985,366,365
2024	11,505,319,079	57,822,804,075	26,446,793,092	95,774,916,246	70,325,764,439
2025	12,381,309,042	59,788,606,984	27,714,167,880	99,884,083,906	73,837,490,148

Notes: A history of contributions, the ADC compared to the actual contributions paid, including the deficiency or (excess), for each of the last 10 years is shown in the Required Supplementary Section of the Financial Section. A schedule of funding progress for each of the last 10 years is shown in the Other Supplementary Information Section of the Financial Section.

MARYLAND STATE RETIREMENT AND PENSION SYSTEM
SUMMARY OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS

Fiscal Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		% Increase in Annual Allowances	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowances	Number	Annual Allowances		
2016	8,243	$ 201,205,015	3,527	$ 75,486,723	152,566	$ 3,448,966,451	3.78%	$ 22,606
2017	7,384	211,608,686	3,584	73,321,980	156,366	3,587,253,157	4.01%	22,941
2018	8,105	268,295,042	4,097	64,344,782	160,374	3,791,203,417	5.69%	23,640
2019	7,484	260,126,211	2,966	69,487,028	164,892	3,981,842,600	5.03%	24,148
2020	7,150	262,737,304	4,398	103,943,419	167,644	4,140,636,485	3.99%	24,699
2021	6,813	234,688,805	5,089	111,489,084	169,368	4,263,836,206	2.98%	25,175
2022	7,700	365,253,216	4,833	112,312,265	172,235	4,516,777,157	5.93%	26,225
2023	7,123	410,007,580	4,749	124,948,682	174,609	4,801,836,055	6.31%	27,501
2024	6,412	351,904,178	4,850	127,014,420	176,171	5,026,725,813	4.68%	28,533
2025	6,723	359,381,083	5,009	137,064,765	177,885	5,249,042,131	4.42%	29,508

Notes: Members added to rolls were estimated based on a retirement date/change date after June 30, 2024.

Annual allowances added to rolls include COLA increases for continuing members.

COLA increases were estimated based on the benefits for the continuing members.

AND PENSION SYSTEM

LIABILITIES / SOLVENCY TEST

Ratio of Assets to Actuarial Liabilities						
Active Member Contributions	**Retirees Term Vested and Inactives**	**Active Members Employer Fin. Portion**	**Funded Ratio (Assets/Liab. Coverage)**	**Unfunded Actuarial Accrued Liability (UAAL)**	**Covered Payroll**	**UAAL as % of Covered Payroll**
100.00%	99.34 %	0.00 %	70.53 %	$ 19,978,244,809	$ 11,155,923,517	179 %
100.00%	100.00 %	0.55 %	71.80 %	19,736,110,800	11,418,973,317	173 %
100.00%	99.31 %	0.00 %	72.46 %	19,988,152,727	11,566,219,797	173 %
100.00%	99.07 %	0.00 %	72.94 %	20,164,031,140	11,905,463,225	169 %
100.00%	99.46 %	0.00 %	73.55 %	20,224,141,428	12,501,422,207	162 %
100.00%	100.00 %	13.90 %	76.85 %	18,920,619,099	12,749,246,637	148 %
100.00%	100.00 %	13.01 %	77.19 %	19,449,140,557	13,201,815,232	147 %
100.00%	100.00 %	6.88 %	75.27 %	22,334,002,635	14,384,588,957	155 %
100.00%	100.00 %	3.77 %	73.43 %	25,449,151,807	15,650,353,463	163 %
100.00%	100.00 %	6.02 %	73.92 %	26,046,593,758	16,660,702,359	156 %

MARYLAND STATE RETIREMENT
ACCOUNTING STATEMENT
AS OF
(STATE AND

	Teachers' Combined System	Employees' Combined System
1. Actuarial Accrued Liability:		
a. Employee Contributions	$ 8,037,684,047	$ 3,989,228,597
b. Retirees, Term. Vesteds & Inactives	32,572,631,005	22,577,176,865
c. Active Members	17,352,123,059	8,780,221,150
2. Total Actuarial Accrued Liability (1(a) + 1(b) + 1(c))	57,962,438,111	35,346,626,612
3. Actuarial Value of Assets	44,542,465,672	24,729,783,548
4. Unfunded Actuarial Accrued Liability: (2-3)	$ 13,419,972,439	$ 10,616,843,064
5. Funded Ratio	76.85%	69.96%
6. Annual Payroll	$ 9,537,247,666	$ 6,618,353,458
7. UAAL as % of Payroll	141%	160%

AND PENSION SYSTEM
INFORMATION
June 30, 2025
MUNICIPAL)

State Police	Judges	LEOPS	CORS	Total MSRPS
$ 126,670,308	$ 42,235,317	$ 179,618,514	$ 5,872,258	$ 12,381,309,041
2,426,755,892	568,017,256	1,607,689,915	36,336,051	59,788,606,984
661,315,546	194,685,693	703,532,658	22,289,775	27,714,167,881
3,214,741,746	804,938,266	2,490,841,087	64,498,084	99,884,083,906
2,137,902,826	658,191,482	1,721,447,842	47,698,779	73,837,490,149
$ 1,076,838,920	$ 146,746,784	$ 769,393,245	$ 16,799,305	$ 26,046,593,757
66.50%	81.77%	69.11%	73.95%	73.92%
$ 151,104,652	$ 63,060,503	$ 279,542,030	$ 11,394,050	$ 16,660,702,359
713%	233%	275%	147%	156%

REPORT OF THE ACTUARY ON THE VALUATION OF THE TEACHERS' COMBINED SYSTEM OF THE STATE OF MARYLAND

Summary of Principal Results

	Actuarial Valuation Performed		
	June 30, 2025 (for FY2027)	**June 30, 2024 (for FY2026)**	**% Change**
A. Demographic Information			
Active Number Count	116,545	115,316	1.1%
Retired Member and Beneficiary Count	85,947	84,975	1.1%
Vested Former Member Count	23,113	23,494	-1.6%
Total Number Count	225,605	223,785	0.8%
Active Payroll	$ 9,537,247,666	$ 9,102,349,400	4.8%
Annual Benefits for Retired Members	$ 2,966,326,476	$ 2,847,358,849	4.2%
B. Actuarial Results			
Actuarial Accrued Liability	$ 57,962,438,111	$ 55,683,988,007	4.1%
Actuarial Value of Assets	44,542,465,672	42,592,549,276	4.6%
Unfunded Actuarial Accrued Liability (UAAL)	$ 13,419,972,439	$ 13,091,438,731	2.5%
Funded Ratio	76.85%	76.49%	
C. Contribution Rates			
Employer Normal Cost Rate	5.27%	5.09%	
UAAL Amortization Rate	12.71%	12.47%	
Total Actuarial Employer Contribution Rate	17.98%	17.56%	

REPORT OF THE ACTUARY ON THE VALUATION OF THE EMPLOYEES' COMBINED SYSTEM OF THE STATE OF MARYLAND
(STATE AND MUNICIPAL)

Summary of Principal Results

	Actuarial Valuation Performed		
	June 30, 2025 (for FY2027)	**June 30, 2024 (for FY2026)**	**% Change**
A. Demographic Information			
Active Number Count	87,220	84,948	2.7%
Retired Member and Beneficiary Count	85,995	85,408	0.7%
Vested Former Member Count	21,562	22,202	-2.9%
Total Number Count	194,777	192,558	1.2%
Active Payroll	$ 6,618,353,458	$ 6,063,840,512	9.1%
Annual Benefits for Retired Members	$ 1,940,200,882	$ 1,854,825,715	4.6%
B. Actuarial Results (State and Municipal)			
Actuarial Accrued Liability	$ 35,346,626,612	$ 33,827,461,743	4.5%
Actuarial Value of Assets	24,729,783,548	23,455,564,314	5.4%
Unfunded Actuarial Accrued Liability (UAAL)	$ 10,616,843,064	$ 10,371,897,429	2.4%
Funded Ratio	69.96%	69.34%	
C. Contribution Rates (State Portion Only)			
Employer Normal Cost Rate	4.98%	4.74%	
UAAL Amortization Rate	16.69%	17.13%	
Total Actuarial Employer Contribution Rate	21.67%	21.87%	

REPORT OF THE ACTUARY ON THE VALUATION OF THE STATE POLICE RETIREMENT SYSTEM OF THE STATE OF MARYLAND

Summary of Principal Results

	June 30, 2025 (for FY2027)	June 30, 2024 (for FY2026)	% Change
A. Demographic Information			
Active Number Count	1,302	1,312	-0.8%
Retired Member and Beneficiary Count	2,668	2,638	1.1%
Vested Former Member Count	80	85	-5.9%
Total Number Count	4,050	4,035	0.4%
Active Payroll	$ 151,104,652	$ 145,026,245	4.2%
Annual Benefits for Retired Members	$ 174,470,742	$ 167,342,110	4.3%
B. Actuarial Results			
Actuarial Accrued Liability	$ 3,214,741,746	$ 3,091,357,198	4.0%
Actuarial Value of Assets	2,137,902,826	2,017,984,559	5.9%
Unfunded Actuarial Accrued Liability (UAAL)	$ 1,076,838,920	$ 1,073,372,639	0.3%
Funded Ratio	66.50%	65.28%	
C. Contribution Rates			
Employer Normal Cost Rate	31.11%	31.07%	
UAAL Amortization Rate	63.72%	63.74%	
Total Actuarial Employer Contribution Rate	94.83%	94.81%	

REPORT OF THE ACTUARY ON THE VALUATION OF THE JUDGES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

Summary of Principal Results

	June 30, 2025 (for FY2027)	June 30, 2024 (for FY2026)	% Change
A. Demographic Information			
Active Number Count	315	322	-2.2%
Retired Member and Beneficiary Count	475	471	0.8%
Vested Former Member Count	9	8	12.5%
Total Number Count	799	801	-0.2%
Active Payroll	$ 63,060,503	$ 61,180,934	3.1%
Annual Benefits for Retired Members	$ 51,448,941	$ 48,619,393	5.8%
B. Actuarial Results			
Actuarial Accrued Liability	$ 804,938,266	$ 763,470,751	5.4%
Actuarial Value of Assets	658,191,482	630,597,234	4.4%
Unfunded Actuarial Accrued Liability (UAAL)	$ 146,746,784	$ 132,873,517	10.4%
Funded Ratio	81.77%	82.60%	
C. Contribution Rates			
Employer Normal Cost Rate	33.02%	32.92%	
UAAL Amortization Rate	20.66%	18.71%	
Total Actuarial Employer Contribution Rate	53.68%	51.63%	

REPORT OF THE ACTUARY ON THE VALUATION OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM OF THE STATE OF MARYLAND (STATE AND MUNICIPAL)

Summary of Principal Results

	June 30, 2025 (for FY2027)	June 30, 2024 (for FY2026)	% Change
A. Demographic Information			
Active Number Count	2,987	2,993	-0.2%
Retired Member and Beneficiary Count	2,723	2,608	4.4%
Vested Former Member Count	306	309	-1.0%
Total Number Count	6,016	5,910	1.8%
Active Payroll	$ 279,542,030	$ 267,415,396	4.5%
Annual Benefits for Retired Members	$ 114,020,515	$ 106,271,092	7.3%
B. Actuarial Results (State and Municipal)			
Actuarial Accrued Liability	$ 2,490,841,087	$ 2,348,674,585	6.1%
Actuarial Value of Assets	1,721,447,842	1,584,310,438	8.7%
Unfunded Actuarial Accrued Liability (UAAL)	$ 769,393,245	$ 764,364,147	0.7%
Funded Ratio	69.11%	67.46%	
C. Contribution Rates (State Portion Only)			
Employer Normal Cost Rate	19.20%	19.02%	
UAAL Amortization Rate	28.46%	28.01%	
Total Actuarial Employer Contribution Rate	47.66%	47.03%	

REPORT OF THE ACTUARY ON THE VALUATION OF THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM OF THE STATE OF MARYLAND (MUNICIPAL)

Summary of Principal Results

	June 30, 2025 (for FY2027)	June 30, 2024 (for FY2026)	% Change
A. Demographic Information			
Active Number Count	160	153	4.6%
Retired Member and Beneficiary Count	77	71	8.5%
Vested Former Member Count	4	1	300.0%
Total Number Count	241	225	7.1%
Active Payroll	$ 11,394,050	$ 10,540,976	8.1%
Annual Benefits for Retired Members	$ 2,574,573	$ 2,308,653	11.5%
B. Actuarial Results			
Actuarial Accrued Liability	$ 64,498,084	$ 59,963,964	7.6%
Actuarial Value of Assets	47,698,779	44,758,619	6.6%
Unfunded Actuarial Accrued Liability (UAAL)	$ 16,799,305	$ 15,205,345	10.5%
Funded Ratio	73.95%	74.64%	

SCHEDULE OF ACTIVE MEMBERSHIP VALUATION DATA BY PLAN

Teachers' Retirement

Valuation Date As of June 30,	Number	Annual Payroll	Annual Average Pay	% Increase Avg. Pay
2016	724	$68,494,031	$94,605	2.06%
2017	537	51,836,368	96,530	2.03
2018	418	41,497,070	99,275	2.84
2019	334	33,972,615	101,714	2.46
2020	261	27,675,932	106,038	4.25
2021	199	21,792,460	109,510	3.27
2022	150	17,154,423	114,363	4.43
2023	112	13,928,467	124,361	8.74
2024	91	12,175,569	133,797	7.59
2025	71	9,960,058	140,283	4.85

Teachers' Pension

Valuation Date As of June 30,	Number	Annual Payroll	Annual Average Pay	% Increase Avg. Pay
2016	104,823	$6,542,543,808	$62,415	2.28%
2017	105,765	6,729,001,984	63,622	1.93
2018	106,428	6,899,599,531	64,829	1.90
2019	107,448	7,119,090,819	66,256	2.20
2020	109,336	7,464,789,165	68,274	3.05
2021	109,759	7,667,053,899	69,854	2.31
2022	110,830	7,940,620,230	71,647	2.57
2023	111,792	8,454,683,082	75,629	5.56
2024	115,225	9,090,173,831	78,891	4.31
2025	116,474	9,527,287,608	81,798	3.68

SCHEDULE OF ACTIVE MEMBERSHIP VALUATION DATA BY PLAN

(continued)

Employees' Retirement

(State and Municipal)

Valuation Date As of June 30,	Number	Annual Payroll	Annual Average Pay	% Increase Avg. Pay
2016	7,923	$395,490,050	$49,917	-0.38%
2017	7,632	389,389,294	51,021	2.21
2018	7,725	397,640,605	51,475	0.89
2019	8,119	419,453,514	51,663	0.37
2020	8,032	434,681,795	54,119	4.75
2021	7,968	436,295,102	54,756	1.18
2022	7,777	450,844,451	57,972	5.87
2023	8,124	518,552,837	63,830	10.10
2024	8,201	550,821,349	67,165	5.22
2025	9,117	636,478,535	69,812	3.94

Employees' Pension

(State and Municipal)

Valuation Date As of June 30,	Number	Annual Payroll	Annual Average Pay	% Increase Avg. Pay
2016	74,702	$3,849,843,225	$51,536	0.14%
2017	74,455	3,929,663,604	52,779	2.41
2018	73,483	3,903,606,885	53,123	0.65
2019	73,098	3,990,487,247	54,591	2.76
2020	73,624	4,203,514,950	57,094	4.59
2021	71,886	4,245,570,424	59,060	3.44
2022	70,919	4,393,913,408	61,957	4.91
2023	73,057	4,947,219,955	67,717	9.30
2024	76,747	5,513,019,163	71,834	6.08
2025	78,103	5,981,874,923	76,590	6.62

Judges' Retirement

Valuation Date As of June 30,	Number	Annual Payroll	Annual Average Pay	% Increase Avg. Pay
2016	298	$44,711,221	$150,038	3.25%
2017	312	46,875,642	150,242	0.14
2018	316	47,498,152	150,311	0.05
2019	315	48,934,800	155,349	3.35
2020	324	51,882,186	160,130	3.08
2021	315	52,073,208	165,312	3.24
2022	317	53,934,013	170,139	2.92
2023	326	58,695,840	180,049	5.82
2024	322	61,180,934	190,003	5.53
2025	315	63,060,503	200,192	5.36

SCHEDULE OF ACTIVE MEMBERSHIP VALUATION DATA BY PLAN

(continued)

State Police Retirement

Valuation Date As of June 30,	Number	Annual Payroll	Annual Average Pay	% Increase Avg. Pay
2016	1,402	$93,490,648	$66,684	2.09%
2017	1,371	100,384,047	73,220	9.80
2018	1,347	100,324,842	74,480	1.72
2019	1,364	106,977,874	78,430	5.30
2020	1,391	116,274,059	83,590	6.58
2021	1,353	119,048,457	87,989	5.26
2022	1,356	124,367,251	91,716	4.24
2023	1,333	139,457,997	104,620	14.07
2024	1,312	145,026,245	110,538	5.66
2025	1,302	151,104,652	116,056	4.99

Law Enforcement Officers' Pension

(STATE AND MUNICIPAL)

Valuation Date As of June 30,	Number	Annual Payroll	Annual Average Pay	% Increase Avg. Pay
2016	2,529	$156,396,298	$61,841	1.25%
2017	2,574	166,560,857	64,709	4.64
2018	2,617	170,555,081	65,172	0.72
2019	2,683	180,963,077	67,448	3.49
2020	2,748	194,666,790	70,839	5.03
2021	2,697	199,460,447	73,956	4.40
2022	2,736	213,002,711	77,852	5.27
2023	2,874	241,937,328	84,181	8.13
2024	2,993	267,415,396	89,347	6.14
2025	2,987	279,542,030	93,586	4.74

SCHEDULE OF ACTIVE MEMBERSHIP VALUATION DATA BY PLAN

(continued)

Correctional Officers' Retirement System

(MUNICIPAL)

Valuation Date As of June 30,	Number	Annual Payroll	Annual Average Pay	% Increase Avg. Pay
2016	93	$4,954,236	$53,271	-0.87%
2017	96	5,261,521	54,808	2.89
2018	97	5,497,631	56,677	3.41
2019	97	5,583,279	57,560	1.56
2020	135	7,937,330	58,795	2.15
2021	134	7,952,640	59,348	0.94
2022	125	7,978,745	63,830	7.55
2023	155	10,113,451	65,248	2.22
2024	153	10,540,976	68,895	5.59
2025	160	11,394,050	71,213	3.36

Total System

(STATE AND MUNICIPAL)

Valuation Date As of June 30,	Number	Annual Payroll	Annual Average Pay	% Increase Avg. Pay	Participating Employers*
2016	192,494	$11,155,923,517	$57,955	1.41%	134
2017	192,742	11,418,973,000	59,245	2.23	133
2018	192,431	11,566,220,000	60,106	1.45	134
2019	193,458	11,905,463,225	61,540	2.39	133
2020	195,851	12,501,422,207	63,831	3.72	133
2021	194,311	12,749,246,637	65,613	2.79	132
2022	194,210	13,201,815,232	67,977	3.60	132
2023	198,647	14,384,588,957	72,413	6.53	131
2024	205,044	15,650,353,463	76,327	5.41	130
2025	208,529	16,660,702,359	79,896	4.68	129

**Count includes the State and Participating Governmental Units*

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Statistical Section

STATISTICAL SECTION OVERVIEW

The Statistical Section presents detailed information to assist users in utilizing the Basic Financial Statements, Notes to the Basic Financial Statements, and Required Supplementary Information to better understand and assess the Maryland State Retirement and Pension System's (MSRPS) overall economic condition. The schedules within the Statistical Section are classified into the following four categories: Financial Trends, Revenue Capacity, Demographic and Economic Information, and Operating Information. Data for schedules and information in this Section are provided by the consulting actuary and derived from MSRPS internal sources.

The schedules beginning on page 149 show financial trend information to assist users in understanding and assessing how the MSRPS's financial position has changed over the past 10 years. The financial trend schedules presented are:

- Changes in Plan Net Position
- Benefits Expense by Type
- Refund Expense by Type

The schedules beginning on page 150 show demographic and economic information and operating information. The demographic and economic information is intended to assist users in understanding the environment in which MSRPS operates. The operating information is intended to provide contextual information about MSRPS's operations to assist readers in using financial statement information. The demographic and economic information and the operating information presented include:

- Schedule of Average Benefit Payments
- History of Funding Progress
- Contribution Rates by Plan
- Schedule of Retired Members by Type
- Schedule of Active Membership by Plan
- Schedule of Retirees and Beneficiaries by Plan
- Revenues by Source and Expenses by Type
- Revenues vs. Expenses
- Principal Participating Employers

TEN-YEAR HISTORY OF CHANGES IN PLAN NET POSITION

for the Years Ended June 30,

(Expressed in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Additions										
Employer contributions	$ 1,870,655	$ 2,033,312	$ 1,995,017	$ 2,054,093	$ 2,144,269	$ 2,203,523	$ 2,282,303	$ 2,438,917	$ 2,618,316	$ 2,947,454
Members contributions	764,414	782,689	791,582	807,290	850,298	865,740	894,267	963,702	1,056,173	1,130,018
Net Investment income	497,531	4,473,443	3,899,393	3,288,207	1,866,641	14,315,762	(1,942,133)	1,980,277	4,416,775	6,588,333
Total Additions	3,132,600	7,289,444	6,685,992	6,149,590	4,861,208	17,385,025	1,234,437	5,382,896	8,091,264	10,665,805
Deductions										
Benefit payments	3,469,493	3,577,123	3,744,132	3,926,220	4,108,492	4,253,047	4,394,350	4,653,163	4,916,425	5,160,040
Refunds	58,362	63,441	68,600	67,400	68,752	64,774	91,535	101,737	107,308	116,361
Administrative expenses	28,659	27,622	33,211	39,784	41,346	48,740	42,061	46,015	50,796	58,338
Total Deductions	3,556,514	3,668,186	3,845,943	4,033,404	4,218,590	4,366,561	4,527,946	4,800,915	5,074,529	5,334,739
Changes in Plan Net Position	$ (423,914)	$ 3,621,258	$ 2,840,049	$ 2,116,186	$ 642,618	$13,018,464	$(3,293,509)	$ 581,981	$ 3,016,735	$ 5,331,066

SCHEDULE OF BENEFIT EXPENSE BY TYPE

(Expressed In Thousands)

Fiscal Year	Age & Service Benefits		Death In Service Pre-Retirement Benefits	Disability Benefits			Total
				Retirees			
	Retirees	Survivors		Accidental	Ordinary	Survivors	
2016	2,937,077	138,467	21,592	128,518	221,849	21,990	3,469,493
2017	3,028,182	145,322	21,522	130,309	229,143	22,644	3,577,122
2018	3,175,588	152,066	21,655	133,671	237,539	23,612	3,744,131
2019	3,334,495	161,203	21,720	138,313	245,429	25,059	3,926,219
2020	3,496,003	171,010	22,494	141,504	250,956	26,526	4,108,493
2021	3,622,725	180,283	23,242	144,625	254,621	27,551	4,253,047
2022	3,748,807	191,749	24,944	146,436	253,859	28,555	4,394,350
2023	3,974,624	209,238	26,003	153,156	259,732	30,410	4,653,163
2024	4,207,308	223,188	26,698	159,285	267,306	32,640	4,916,425
2025	4,415,785	234,247	28,021	167,178	280,551	34,258	5,160,040

SCHEDULE OF REFUND EXPENSE BY TYPE

(Expressed in thousands)

Fiscal Year	Separation	Death	Misc.	Total
2016	$51,372	$6,869	$120	$58,361
2017	54,671	8,538	238	63,447
2018	59,108	9,315	177	68,600
2019	58,848	8,394	158	67,400
2020	59,871	8,804	77	68,752
2021	53,004	11,665	105	64,774
2022	74,654	16,753	128	91,535
2023	88,143	13,493	101	101,737
2024	89,638	17,537	133	107,308
2025	99,340	16,927	94	116,361

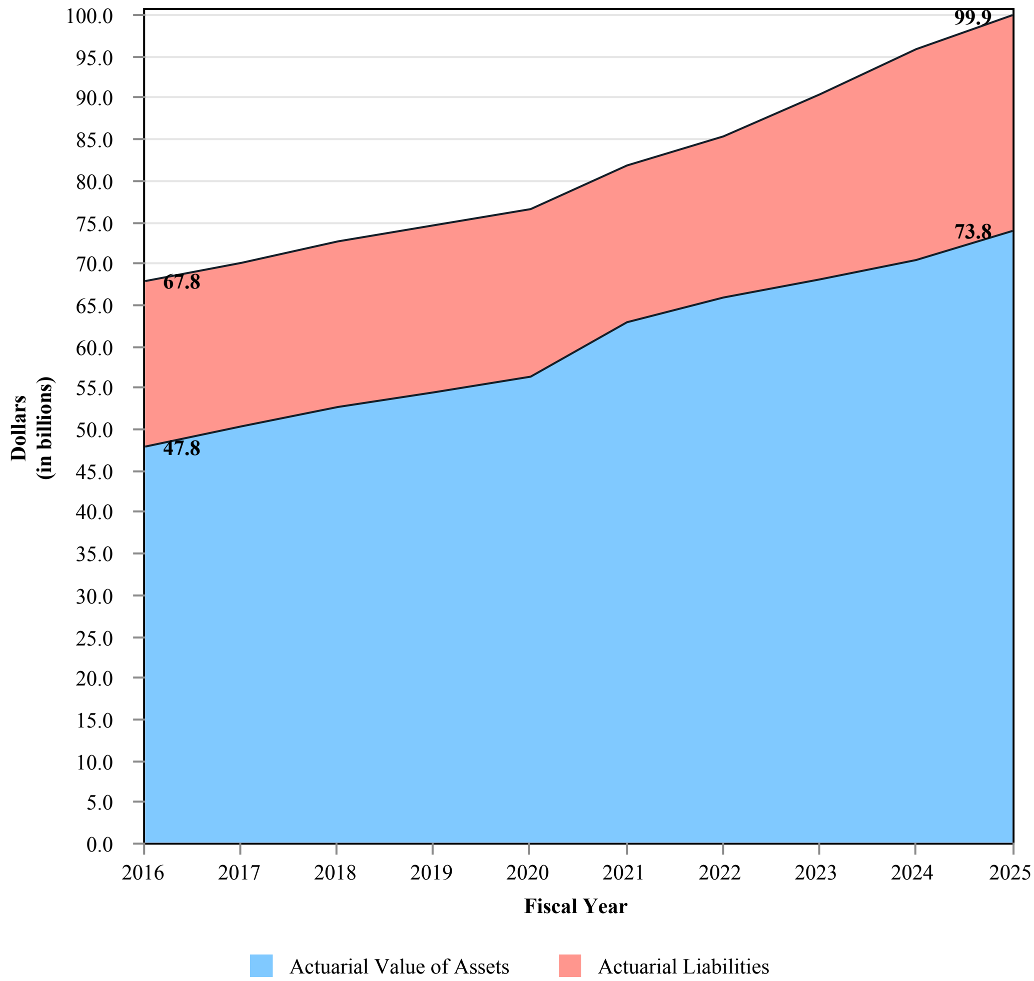
MARYLAND STATE RETIREMENT AND PENSION SYSTEM

TEN YEAR HISTORY OF AVERAGE BENEFIT PAYMENTS

Years Credited Service

	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30+
Period 7/1/2015 to 6/30/2016							
Average monthly benefit	$ 501	$ 472	$ 869	$ 1,367	$ 1,901	$ 2,366	$ 3,377
Monthly final average salary	$ 2,371	$ 3,407	$ 4,128	$ 4,773	$ 5,427	$ 5,786	$ 6,425
Number of retired members	219	918	934	1,118	953	1,016	2,423
Period 7/1/2016 to 6/30/2017							
Average monthly benefit	$ 576	$ 509	$ 864	$ 1,400	$ 1,943	$ 2,454	$ 3,479
Monthly final average salary	$ 2,199	$ 3,626	$ 4,110	$ 4,865	$ 5,389	$ 5,855	$ 6,563
Number of retired members	138	748	873	1,028	964	863	2,060
Period 7/1/2017 to 6/30/2018							
Average monthly benefit	$ 279	$ 520	$ 938	$ 1,476	$ 1,982	$ 2,626	$ 3,526
Monthly final average salary	$ 3,012	$ 3,482	$ 4,290	$ 4,934	$ 5,457	$ 6,046	$ 6,584
Number of retired members	87	704	925	1,200	1,084	964	2,428
Period 7/1/2018 to 6/30/2019							
Average monthly benefit	$ 311	$ 508	$ 950	$ 1,510	$ 2,028	$ 2,678	$ 3,597
Monthly final average salary	$ 3,082	$ 3,360	$ 4,243	$ 4,916	$ 5,460	$ 6,034	$ 6,580
Number of retired members	109	816	956	1,213	1,086	967	2,439
Period 7/1/2019 to 6/30/2020							
Average monthly benefit	$ 487	$ 512	$ 940	$ 1,549	$ 2,049	$ 2,819	$ 3,639
Monthly final average salary	$ 3,400	$ 3,639	$ 4,441	$ 5,170	$ 5,651	$ 6,431	$ 6,800
Number of retired members	42	531	830	1,023	962	840	2,151
Period 7/1/2020 to 6/30/2021							
Average monthly benefit	$ 604	$ 489	$ 947	$ 1,521	$ 2,099	$ 3,005	$ 3,772
Monthly final average salary	$ 3,856	$ 3,660	$ 4,428	$ 5,181	$ 5,699	$ 6,626	$ 6,987
Number of retired members	45	410	845	976	995	823	1,901
Period 7/1/2021 to 6/30/2022							
Average monthly benefit	$ 632	$ 567	$ 1,031	$ 1,591	$ 2,162	$ 3,039	$ 3,954
Monthly final average salary	$ 3,992	$ 3,667	$ 4,625	$ 5,345	$ 5,795	$ 6,711	$ 7,239
Number of retired members	61	480	890	1,181	1,226	900	2,066
Period 7/1/2022 to 6/30/2023							
Average monthly benefit	$ 494	$ 522	$ 1,026	$ 1,623	$ 2,238	$ 3,177	$ 4,237
Monthly final average salary	$ 3,373	$ 3,916	$ 4,851	$ 5,473	$ 6,000	$ 6,962	$ 7,697
Number of retired members	31	489	784	1,056	1,152	851	1,922
Period 7/1/2023 to 6/30/2024							
Average monthly benefit	$ 628	$ 479	$ 1,006	$ 1,728	$ 2,425	$ 3,368	$ 4,415
Monthly final average salary	$ 4,006	$ 3,770	$ 4,977	$ 5,840	$ 6,390	$ 7,211	$ 7,921
Number of retired members	37	435	726	1,022	900	850	1,617
Period 7/1/2024 to 6/30/2025							
Average monthly benefit	$ 419	$ 547	$ 1,067	$ 1,794	$ 2,501	$ 3,619	$ 4,787
Monthly final average salary	$ 3,743	$ 3,986	$ 5,176	$ 6,052	$ 6,678	$ 7,710	$ 8,569
Number of retired members	42	405	694	958	1,002	993	1,772

TEN-YEAR HISTORY OF FUNDING PROGRESS



TEN-YEAR HISTORY OF EMPLOYER CONTRIBUTION RATES BY PLAN

	State						Participating Governmental Units (PGU)		
Fiscal Year	**Combined State Rate**	**Teachers' Combined Rate**	**Employees' Combined Rate**	**Judges' Retirement**	**State Police Retirement**	**Law Enforcement Officers' Pension**	**Law Enforcement Officers' Pension**	**Employees' Combined Rate**	**Correctional Officers' Retirement**
2016	16.83%	15.71%	16.38%	40.70%	78.91%	39.77%	31.94%	5.00%	10.43%
2017	17.58	15.79	18.28	46.56	81.40	39.60	31.18	4.64	9.81
2018	17.60	15.71	18.56	46.45	80.29	39.69	30.75	5.03	9.53
2019	17.42	15.43	18.58	44.53	78.41	39.78	31.43	5.47	9.85
2020	17.82	15.59	19.56	44.44	79.58	41.37	32.22	5.85	10.26
2021	17.75	14.96	20.71	40.27	78.09	42.96	34.93	6.71	9.67
2022	17.50	14.67	20.50	41.92	75.30	42.28	34.21	7.04	11.06
2023	17.55	14.65	20.68	40.02	76.45	44.73	36.20	7.40	12.19
2024	17.88	14.86	21.13	43.00	78.68	45.89	36.91	7.79	11.87
2025	19.15	16.25	21.54	47.22	85.51	46.00	38.07	8.44	15.42

SCHEDULE OF RETIRED MEMBERS BY TYPE

as of June 30, 2025

Amount of Monthly Benefit		Number of Retirees	Type of Retirement					
			NR (1) & ER(2)	SP(3)	SPD(4)	ADR(5)	ODR(6)	SPDR(7)
1-	300	16,600	15,385	882	12	2	164	155
301-	600	14,992	12,884	1,093	21	2	665	327
601-	900	13,191	10,889	962	74	15	929	322
901-	1,200	12,391	9,830	908	70	30	1,271	282
1,201-	1,500	11,777	9,449	852	71	78	1,100	227
1,501-	1,800	11,016	8,646	879	71	159	1,053	208
1,801-	2,100	10,755	8,619	730	71	226	968	141
2,101-	2,400	9,927	8,063	632	65	246	835	86
2,401-	2,700	9,283	7,546	554	52	316	742	73
2,701-	3,000	8,529	7,066	440	52	328	589	54
Over 3,000		59,424	52,006	2,195	321	2,247	2,477	178
		177,885	150,383	10,127	880	3,649	10,793	2,053

Type of Retirement:

1 – Normal retirement for age and service

2 – Early retirement

3 – Survivor payment – normal or early retirement

4 – Survivor payment – death in service

5 – Accidental disability retirement

6 – Ordinary disability retirement

7 – Survivor payment – disability retirement

OF RETIREMENT AND OPTION SELECTED

	Option Selected						
BASIC	**Opt. 1**	**Opt. 2**	**Opt. 3**	**Opt. 4**	**Opt. 5**	**Opt. 6**	**Opt. 7**
9,760	2,983	1,621	593	578	655	406	4
7,745	2,274	1,745	1,010	774	761	677	6
6,222	1,784	1,634	1,107	967	701	774	2
5,611	1,417	1,528	1,211	1,051	635	936	2
5,059	1,349	1,468	1,185	1,044	756	914	2
4,512	1,146	1,588	1,121	1,000	758	889	2
4,181	1,209	1,568	1,098	1,040	761	896	2
3,750	1,130	1,477	1,029	1,010	652	879	–
3,518	1,006	1,392	983	899	619	863	3
3,271	965	1,236	854	895	559	748	1
24,989	5,171	7,735	5,847	7,728	2,984	4,943	27
78,618	20,434	22,992	16,038	16,986	9,841	12,925	51

Option Selected:

Basic – The standard benefit if no option is selected and is the max benefit payable. Generally, at retiree's death, all payments cease. However, the basic allowance for the State Police, Law Enforcement Offices (LEOPS), Judges and Legislators provides a continuing benefit for spouses or children under

Opt. 1 – Guarantees return of the present value of the retirement benefit less the total payments already paid to the member.

Opt. 2 – Guarantees the same payment to the designated beneficiaries for their lifetime.

Opt. 3 – Guarantees one half the member's payment to the designated beneficiaries for their lifetime.

Opt. 4 – Guarantees return of the member's accumulated contributions and interest less the member's accumulated reserves already paid.

Opt. 5 – Guarantees the same payment to the designated beneficiaries for their lifetime, unless the beneficiaries predecease the respective members.

Opt. 6 – Guarantees one half the member's payment to the designated beneficiaries for their lifetime, unless the beneficiaries predecease the respective members. Allowance then increases to the basic.

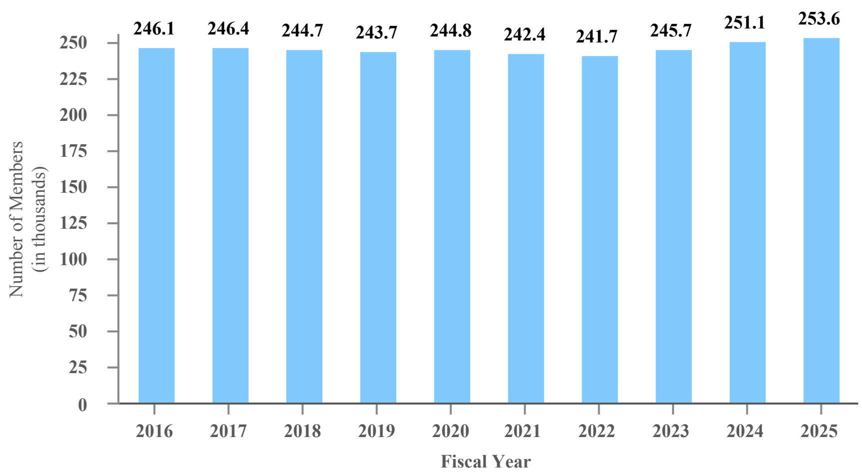
Opt. 7 – Special option calculation performed by actuary.

TEN-YEAR HISTORY OF ACTIVE MEMBERSHIP BY PLAN

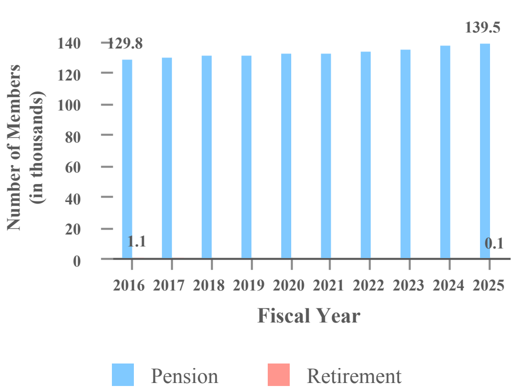
Fiscal Year	Total	Teachers' Retirement	Teachers' Pension	Employees' Retirement*	Employees' Pension	Judges' Retirement	State Police Retirement	Law Enforcement Officers' Pension	Local Correctional Officers' Retirement
2016	246,062	1,051	129,794	8,749	101,760	305	1,486	2,823	94
2017	246,370	805	130,990	8,409	101,415	321	1,461	2,869	100
2018	244,732	617	131,417	8,481	99,425	325	1,446	2,922	99
2019	243,704	487	131,769	8,887	97,691	323	1,453	2,994	100
2020	244,753	380	133,243	8,782	97,343	332	1,478	3,054	141
2021	242,362	300	133,391	8,750	95,029	322	1,439	2,990	141
2022	241,713	235	134,357	8,527	93,661	327	1,442	3,031	133
2023	245,734	188	136,287	8,877	95,272	334	1,423	3,190	163
2024	251,143	152	138,658	8,944	98,206	330	1,397	3,302	154
2025	253,603	121	139,537	9,840	98,942	324	1,382	3,293	164

*Note: Includes vested former members. *Includes members of the Maryland General Assembly and State correctional officers.*

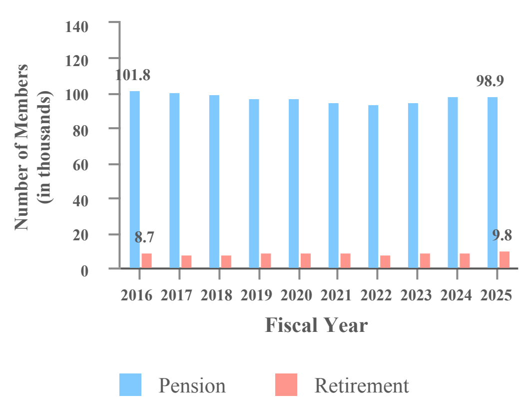
TOTAL SYSTEM ACTIVE MEMBERSHIP



ACTIVE MEMBERSHIP IN TEACHERS' PLANS



ACTIVE MEMBERSHIP IN EMPLOYEES' PLANS

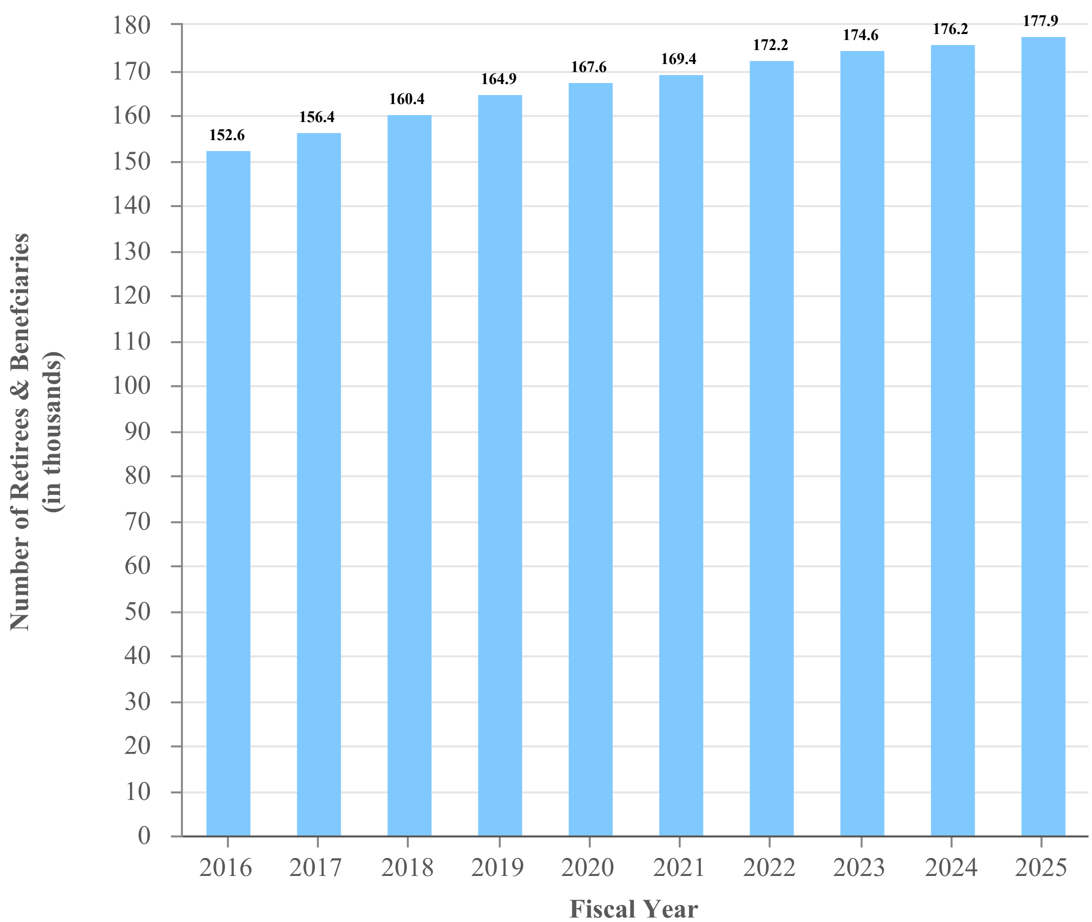


TEN-YEAR HISTORY OF RETIREES AND BENEFICIARIES BY PLAN

Fiscal Year	Total	Teachers' Retirement	Teachers' Pension	Employees' Retirement*	Employees' Pension	Judges' Retirement	State Police Retirement	Law Enforcement Officers' Pension	Correctional Officers' Retirement System
2016	152,566	27,552	46,030	21,172	53,039	407	2,536	1,801	29
2017	156,366	26,762	48,747	20,734	55,206	417	2,572	1,896	32
2018	160,374	25,764	51,437	20,340	57,947	421	2,477	1,954	34
2019	164,892	24,822	54,329	19,955	60,757	431	2,505	2,053	40
2020	167,644	23,858	56,581	19,464	62,583	441	2,517	2,153	47
2021	169,368	22,790	58,725	18,832	63,705	442	2,559	2,264	51
2022	172,235	21,904	60,980	18,382	65,463	463	2,597	2,393	53
2023	174,609	20,960	63,217	17,994	66,789	468	2,606	2,512	63
2024	176,171	20,007	64,968	17,624	67,784	471	2,638	2,608	71
2025	177,885	18,978	66,969	17,283	68,712	475	2,668	2,723	77

(*) Includes members of the Maryland General Assembly and correctional officers.

TOTAL SYSTEM RETIREES AND BENEFICIARIES



TEN-YEAR HISTORY OF REVENUES BY SOURCE AND EXPENSES BY TYPE

(Expressed in Thousands)

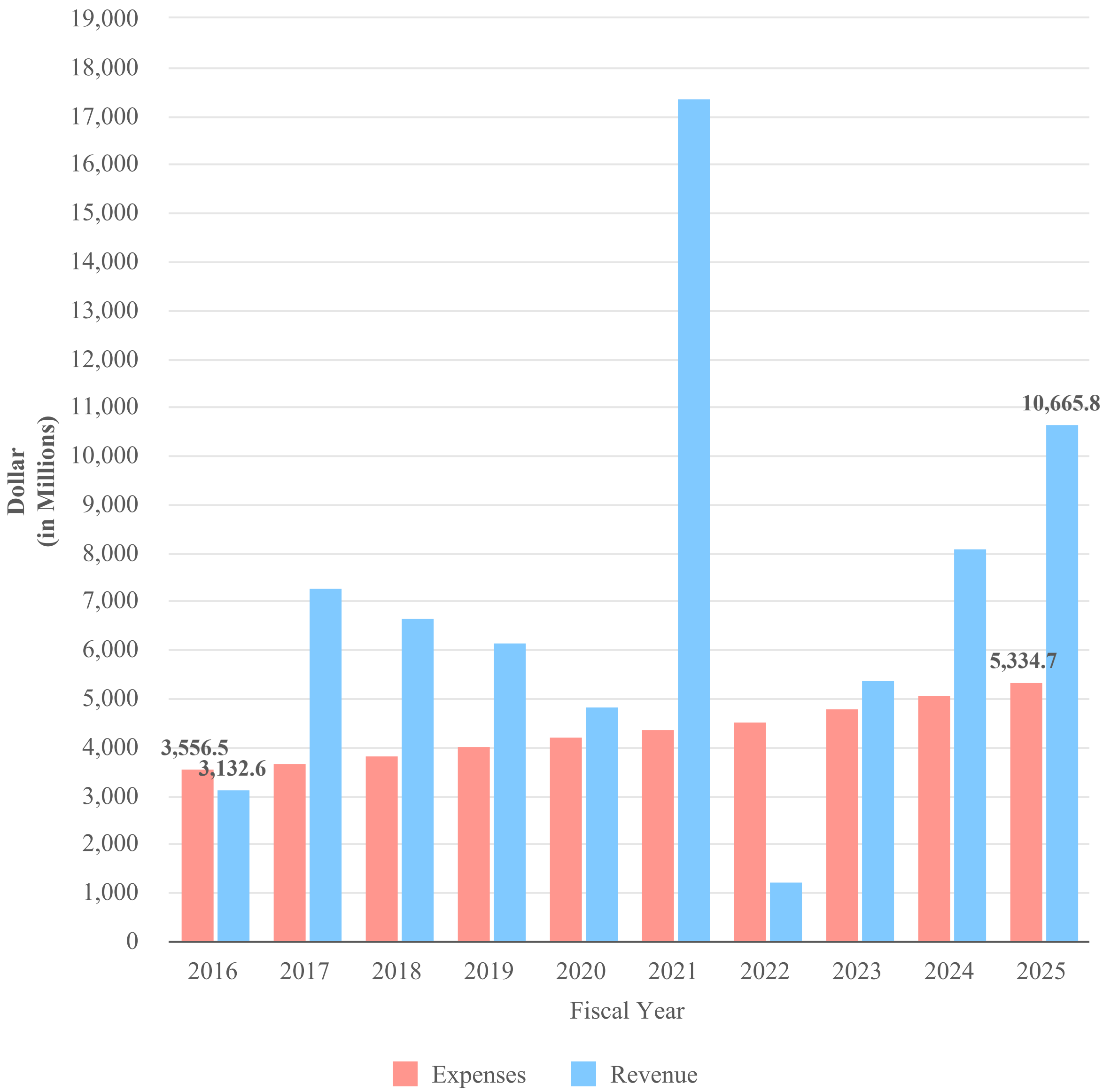
REVENUES

Fiscal Year	Members' Contributions	Employers' and Other Contributions	Annual Covered Payroll	Employers' and Other Contributions as a Percent of Covered Payroll	Net Investment Income/Loss	Total Revenue
2016	$764,414	$1,870,655	$11,155,924	16.77%	$497,531	$3,132,600
2017	782,689	2,033,312	11,418,974	17.81	4,473,443	7,289,444
2018	791,582	1,995,017	11,566,222	17.25	3,899,393	6,685,992
2019	807,290	2,054,093	11,905,463	17.25	3,288,207	6,149,590
2020	850,298	2,144,269	12,501,422	17.15	1,866,641	4,861,208
2021	865,740	2,203,523	12,749,246	17.28	14,315,762	17,385,025
2022	894,267	2,282,303	13,201,816	17.29	(1,942,133)	1,234,437
2023	963,702	2,438,917	14,384,589	16.96	1,980,277	5,382,896
2024	1,056,173	2,618,316	15,650,353	16.73	4,416,775	8,091,264
2025	1,130,018	2,947,454	16,660,702	17.69	6,588,333	10,665,805

EXPENSES

Fiscal Year	Benefits	Administrative Expenses	Refunds	Total
2016	$3,469,493	$28,659	$58,362	$3,556,514
2017	3,577,123	30,904	63,441	3,671,468
2018	3,744,132	33,211	68,600	3,845,943
2019	3,926,220	39,784	67,400	4,033,404
2020	4,108,492	41,346	68,752	4,218,590
2021	4,253,047	48,740	64,774	4,366,561
2022	4,394,350	42,061	91,535	4,527,946
2023	4,653,163	46,014	101,737	4,800,914
2024	4,916,425	50,796	107,308	5,074,529
2025	5,160,040	58,338	116,361	5,334,739

TEN-YEAR HISTORY OF REVENUES VS. EXPENSES



PRINCIPAL PARTICIPATING EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

	2025			2015		
	Covered Employees	**Rank**	**Percentage of Total System**	**Covered Employees**	**Rank**	**Percentage of Total System**
Participating Government						
State of Maryland	376,606	1	87%	344,918	1	87%
All other (Participating Municipalities)	54,882	2	13%	49,301	2	13%
Total System	431,488			394,219		

Governmental Units Participating in the Systems

as of June 30, 2025

Allegany Community College
Allegany County Board of Education
Allegany County Government
Allegany County Library
Allegany County Transit Authority
Annapolis, City of
Anne Arundel Community College
Anne Arundel County Board of Education
Anne Arundel County Comm. Action Agency Inc.
Baltimore Metropolitan Council
Berlin, Town of
Berwyn Heights, Town of
Bladensburg, Town of
Bowie, City of
Brentwood, Town of
Brunswick, City of
Calvert County Board of Education
Cambridge, City of
Cambridge Housing Authority
Caroline County Board of Education
Caroline County Sheriff Deputies
Carroll County Board of Education
Carroll County Public Library
Carroll Soil Conservation District
Catoctin & Frederick County Soil Conservation District
Cecil County Board of Education
Cecil County Government
Cecil County Library
Centreville, Town of
Chesapeake Bay Commission
Chestertown, Town of
Cheverly, Town of
College of Southern Maryland
College Park, City of
Crisfield, City of
Crisfield Housing Authority
Cumberland, City of
Cumberland, City of -Police Department
Denton, Town of
District Heights, City of
Dorchester County Board of Education
Dorchester County Government
Dorchester County Roads Board
Dorchester County Sanitary Commission
Eastern Shore Regional Library
Edmonston, Town of
Elkton, Town of
Emmitsburg, Town of
Federalsburg, Town of
Frederick County Board of Education
Frostburg, City of
Fruitland, City of
Garrett County Board of Education
Garrett County/Western Maryland Health Planning Council
Garrett County Community Action Committee
Garrett County Roads Board
Greenbelt, City of
Greensboro, Town of
Hagerstown, City of
Hagerstown Community College
Hampstead, Town of
Harford County Board of Education
Harford County Community College
Harford County Government
Harford County Library
Harford County Liquor Board
Howard Community College
Howard County Board of Education
Howard County Community Action Committee
Hurlock, Town of
Hyattsville, City of
Kent County Board of Education
Kent County Government
Kent Soil And Water Conservation District
Landover Hills, Town of
LaPlata, Town of
Manchester, Town of
Maryland Health & Higher Educational Facilities Authority
Middletown, Town of
Montgomery College
Morningside, Town of
Mount Airy, Town of
Mount Rainier, City of
New Carrollton, City of
North Beach, Town of
Northeast Maryland Waste Disposal Authority
Oakland, Town of
Oxford, Town of
Pocomoke, City of
Preston, Town of
Prince Georges Community College
Prince Georges County Board of Education
Prince Georges County Crossing Guards
Prince Georges County Government
Prince Georges County Memorial Library
Princess Anne, Town of
Queen Anne’s County Board of Education
Queen Anne’s County Government
Queenstown, Town of
Ridgely, Town of
Rockhall, Town of
Salisbury, City of
Shore Up!
Snow Hill, Town of
Somerset County Board of Education
Somerset County Government
Somerset County Economic Development Commission
Somerset County Sanitary District, Inc.
Southern MD Tri-County Community Action Committee
St. Mary’s County Board of Education
St. Mary’s County Government
St. Mary’s County Housing Authority
St. Mary’s County Metropolitan Commission
St. Michaels, Town of
Sykesville, Town of
Takoma Park, City of
Talbot County Board of Education
Talbot County Government
Taneytown, Town of
Thurmont, City of
Tri-County Council For Lower Eastern Shore
Tri-County Council For Western Maryland
University Park, Town of
Upper Marlboro, Town of
Walkersville, Town of
Washington County Board of Education
Washington County Liquor Board
Washington County Library
Westminster, City of
Worcester County Board of Education
Worcester County Government
Worcester County Liquor Control Board
Wor-Wic Community College

*Withdrawn Governmental Units

Allegany County Housing Authority
Anne Arundel County Economic Opportunity Commission

**List reflects withdrawn governmental units with a withdrawal liability balance.*

Plan Summary

This guide provides a general summary of certain features of the Maryland State Retirement and Pension System ("MSRPS"). The MSRPS is governed by law, including Division II of the State Personnel and Pensions Article of the Annotated Code of Maryland, and Title 22 of the Code of Maryland Regulations. If there is a conflict between the law and this guide, the law prevails.

CITATIONS

All citations "SPP" are to the State Personnel and Pensions Article of the Annotated Code of Maryland.

Teachers' Retirement System

A COMPOSITE PICTURE

	2025	2024
Total Membership		
Active Vested	71	91
Active Non-Vested	0	0
Vested Former Members	50	61
Retired Members	18,978	20,007
Active Members		
Number	71	91
Average Age	75.2	74.4
Average Years of Service	49.0	48.2
Average Annual Salary	$ 140,283	$ 133,797
Retirees & Beneficiaries		
Number	18,978	20,007
Average Age	81.4	80.9
Average Monthly Benefit	$ 4,407	$ 4,241

1. Membership

System closed to new members hired on or after January 1, 1980. Members on December 31, 1979 continue to be members unless they elected to transfer into the Teachers' Pension System (established January 1, 1980) prior to January 1, 2005.

Membership generally includes any teacher, helping teacher, principal, supervisor, superintendent, attendance officer or clerk employed in public day school within the State of Maryland, or supported and controlled by the State; any librarian or clerical employee of a library established or operated under the Education Article; any professional or clerical employee of a community college established or operated under the Education Article; or staff employee of the University System of Maryland, Morgan State University or St. Mary's College who is a member as of January 1, 1998.

2. Member Contributions

Retirement System members participate under one of three elections (effective July 1, 1984):

- Plan A: Generally 7% of earnable compensation to maintain all benefits, including unlimited compounded cost-of-living adjustments.
- Plan B: Generally 5% of earnable compensation to maintain all benefits, except the compounded cost of living adjustments which are capped at 5%.
- Plan C: 5% of earnable compensation as determined under the employee contribution for the Teachers' Pension System (Plan C provides a two-part benefit based on benefits of the Teachers' Retirement System and the Teachers' Pension System).

Interest earned on all employee contributions is 4% per year, compounded annually, until retirement, withdrawal of accumulated contributions, death, or the end of membership for former members who are not entitled to receive a vested allowance.

3. Normal Retirement Age

Normal retirement age is age 60.

4. Normal Service Retirement Allowance

Eligibility: 30 years of eligibility service or attainment of age 60.

Allowance: 1/55th of average final compensation for the three highest years as a member for each year of creditable service. Creditable service is based on a full normal working time for teachers – 10 months equals one year.

Plan C: For creditable service before election date, the amount determined by the service retirement formula for Teachers' Retirement System; for creditable service after election date, the amount determined by the service retirement formula for the applicable component of the Teachers' Pension System.

5. Early Retirement Allowance

Eligibility: 25 years of eligibility service and less than 60 years old.

Allowance: Service Retirement allowance reduced by 0.5% for each month that date of retirement precedes the earlier of age 60 or the date the member would have completed 30 years of eligibility service (maximum reduction of 30%).

Plan C: For creditable service before election date, the amount determined by the service retirement formula for Teachers' Retirement System (maximum reduction of 30%); for creditable service after election date, the amount determined by the service retirement formula for the applicable component of the Teachers' Pension System for each month retirement occurs prior to age 62 (maximum reduction of 42%).

6. Disability Retirement Allowance

Ordinary
Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is permanent.

Allowance: The benefit is 1/55th of average final compensation for the three highest years as a member for each year of creditable service. The minimum benefit is 25% of average final compensation; the maximum benefit can be no greater than 1/55th of average final compensation for each year of creditable service the member would have accrued if employment continued to age 60.

Plan C: The benefit is the greater of the Teachers' Retirement System allowance noted above, or the ordinary disability benefit of the Teachers' Pension System.

Accidental
Eligibility: Certification of the medical board designated by the Board of Trustees that member is totally and permanently incapacitated from the performance of the normal duties of the member's position as the natural and proximate result of an accident that occurred in the actual performance of duty at a definite time and place without willful negligence by the member.

Allowance: The benefit is 66.67% of average final compensation for the three highest years as a member, plus the annuity provided by accumulated member contributions. The maximum benefit cannot be greater than the average final compensation, including any annuitized accumulated contributions.

7. Death Benefits

Ordinary Death Benefit For Active Member With Less Than One Year of Service

Eligibility: Less than one year of eligibility service and not eligible for a special death benefit

Benefit: Return of accumulated contributions

Ordinary Death Benefit For Active Member With One Or More Years of Service

Eligibility: One or more years of eligibility service and not eligible for a special death benefit

Benefit:
Members who at the time of death are younger than age 55 or have less than 15 years of service.
One-time lump sum payment of member's annual earnable compensation at time of death plus accumulated contributions to the member's designated beneficiary.

Members who at the time of death are eligible to retire and are age 55 or older with at least 15 years of service.
The surviving spouse of a deceased member may elect to receive: (1) a one-time lump sum payment of the member's annual earnable compensation at the time of death plus the member's accumulated contributions; or (2) a monthly allowance under Option 2 (100% survivor benefit). In cases where a deceased member is not survived by a spouse, the decedent's children may elect to receive: (1) a one-time lump sum payment of the member's annual earnable compensation at the time of death plus the member's accumulated contributions; or (2) an allowance equal to 50% of the basic allowance that would have been paid to the deceased member, prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. The annuity shall be reallocated among the remaining eligible children. If any child is disabled, the benefit will continue for that child as long as the child remains disabled, regardless of age. In cases where a deceased member is not survived by a spouse or children, the member's designated beneficiary shall receive a one-time lump sum payment consisting of the member's accumulated contributions and the member's annual compensation at the time of death.

Special Death Benefit For Active Member
Eligibility: Death arising out of or in the course of the actual performance of duty without willful negligence by the member.

Benefit: 66.67% of average final compensation for the three highest years as a member payable to a surviving spouse, decedent's children or dependent parents. Accumulated member contributions are paid to the designated beneficiary. Children of deceased members receiving a special death benefit will continue to receive this benefit, prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. The annuity shall be reallocated among the remaining eligible children. Disabled children receiving a special death benefit may receive a special death benefit as long as they remain disabled, regardless of age.

Death Benefit For Vested Former Member
If member is not active, but is eligible for a vested allowance, the member's designated beneficiary or estate is eligible to receive only accumulated member contributions at time of death.

8. Vested Allowance

Eligibility: Five years of eligibility service and separation from employment other than by death or retirement.

Allowance: Vested allowance payable at normal retirement age, provided member does not withdraw accumulated contributions.

If member dies before payment of the vested allowance starts, only accumulated member contributions are returned.

9. Cost of Living Adjustments (COLA)

Retirement allowances may be adjusted each year based on the Consumer Price Index (CPI). Any COLAs are effective July 1 for all allowances which have been in payment for one year.

- Selection A (Additional Member Contributions): Uncapped and compounded.
- Selection B (Limited COLA): Capped at 5% and compounded.
- Selection C (Combination Formula): For creditable service on or after the effective date of Selection C, generally, with limited exceptions, COLA is capped at 3% and compounded. For creditable service before the effective date of Selection C, COLA is calculated based on the applicable component (A or B) to which the member was subject prior to electing Section C.

In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

10. Optional Forms of Payment

Basic service allowance is a single life annuity.

Option 1: Lump-sum refund equal to excess of present value of basic retirement allowance at date of retirement minus total amount of payments made to date of death excluding any cost of living adjustments for retirees before July 1, 2017.

Option 2: 100% joint and survivor annuity, which pays the retiree's surviving designated beneficiary 100% of the retiree's reduced allowance for the life of the designated beneficiary. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree's spouse or disabled child.

Option 3: 50% joint and survivor annuity, which pays the retiree's surviving designated beneficiary 50% of the retiree's reduced allowance for the life of the designated beneficiary.

Option 4: Lump-sum refund equal to value of accumulated member contributions minus total portion of monthly payments attributed to member contributions made to date of death, excluding any cost of living adjustments for retirees before July 1, 2017.

Option 5: 100% "pop-up" joint and survivor annuity, which pays the designated beneficiary 100% of the retiree's reduced allowance after the retiree's death or returns the retiree's benefit to the unreduced basic allowance if beneficiary predeceases retiree. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree's spouse or disabled child.

Option 6: 50% "pop-up" joint and survivor annuity, which pays the designated beneficiary 50% of the retiree's reduced allowance after the retiree's death or returns the retiree's benefit to the unreduced basic allowance if beneficiary predeceases retiree.

Retirees who have selected Options 2, 3, 5, or 6 and change their designated beneficiary after they retire, will have their retirement allowance re-calculated to reflect the age of the new designated beneficiary. Retirees who elect to change their beneficiary under Options 2, 3, 5, and 6, may rescind their request to change their designated beneficiary before the second monthly allowance is paid. Retirees who rescind the change of beneficiary, will have their benefit payment amount for the next payment restored to the amount paid before the change in beneficiary was made.

Vested former members who are eligible to receive a vested allowance of less than $50 a month may elect to receive a lump-sum payment equal to the present value in lieu of a monthly benefit.

11. Reduction for Benefits Payable under Workers' Compensation

Disability retirement allowances, excluding annuity reserves, are reduced for workers' compensation benefits paid or payable after retirement from injury occurring during employment by the State if the workers' compensation benefits are for the same injury for which disability retirement was granted and are paid or payable for the same period of time for which the retirement benefits are paid. Teachers' Retirement System retirees receiving an accidental disability payment are subject to an offset if they are getting a workers' compensation payment for the same injury or illness, subject to specified limits. Offsets do not include any calculation of cost-of-living benefits that are paid on the original benefit amount.

Conversely, workers' compensation payments are subject to an offset by the Workers' Compensation Commission if a recipient is receiving an ordinary disability payment from the Teachers' Retirement System for the same injury or illness. Any offset taken for an accidental disability from the Teachers' Retirement System will be adjusted if the retiree was originally awarded an ordinary disability retirement benefit that was later converted to an accidental disability benefit. The adjusted offset shall reflect any offset awarded to the retiree's employer by the Workers' Compensation Commission.

Teachers' Pension System

A COMPOSITE PICTURE

	2025	2024
Total Membership		
Active Vested	61,774	61,101
Active Non-Vested	54,700	54,124
Vested Former Members	23,063	23,433
Retired Members	66,969	64,968
Active Members		
Number	116,474	115,225
Average Age	45.5	45.4
Average Years of Service	12.0	11.9
Average Annual Salary	$ 81,797	$ 78,891
Retirees & Beneficiaries		
Number	66,969	64,968
Average Age	73.5	73.1
Average Monthly Benefit	$ 2,442	$ 2,346

1. Membership

Membership is generally a condition of employment for those teachers, faculty members, and educational employees, specified in SPP § 23-206 of the Annotated Code of Maryland, hired on or after January 1, 1980. Certain eligible higher education employees may elect to join an optional defined contribution retirement program provided by the State, known as the Optional Retirement Program (ORP). The ORP is separate and distinctive from the supplemental program administered by the Maryland Supplemental Retirement Plan.

All individuals who are members of the Teacher's Pension System on or before June 30, 2011, participate in the Alternate Contributory Pension Selection (ACPS) except for the members who transferred from the Teachers' Retirement System after April 1, 1998 or former vested members who terminated employment prior to July 1, 1998.

All individuals who enroll in the Teachers' Pension System on or after July 1, 2011, participate in the Reformed Contributory Pension Benefit (RCPB).

2. Member Contributions

Members of both the ACPS and the RCPB are required to make contributions of 7% of earnable compensation.

Contributions earn interest at 5% per year, compounded annually, until retirement, withdrawal of accumulated contributions, death, or the end of membership for former members who are not entitled to receive a vested allowance.

3. Normal Retirement Age

For members of the Alternate Contributory Pension Selection, normal retirement age is age 62.

For members of the Reformed Contributory Pension Benefit, normal retirement age is age 65.

4. Normal Service Retirement Allowance

ACPS Eligibility 30 years of eligibility service or attainment of one of the following:

Age 62 with five years of eligibility service.
Age 63 with four years of eligibility service.
Age 64 with three years of eligibility service.
Age 65 and older with two years of eligibility service.

ACPS Allowance The greater of (i) or (ii), plus (iii), as described below:

(i) 1.2% of average final compensation for the three highest consecutive years as a member for each year of creditable service on or before June 30, 1998;
(ii) 0.8% of average final compensation for the three highest consecutive years as a member up to the Social Security Integration Level (SSIL) plus 1.5% of average final compensation over the integration level for each year of creditable service on or before June 30, 1998; or
(iii) the number of years of the member's creditable service on or after July 1, 1998 multiplied by 1.8% of the member's average final compensation for the three highest consecutive years as a member.

RCPB Eligibility: Combined age and eligibility service of at least 90 years or age 65 after 10 years of eligibility service.

RCPB Allowance: 1.5% of average final compensation for the five highest consecutive years as a member for each year of creditable service on or after July 1, 2011.

The SSIL is the average of all Social Security Wage Bases over the 35 calendar years prior to your retirement.

Note: Members who transferred into the Teachers' Pension System, on or after April 1, 1998, receive benefits based on the provisions of the NCPS in effect as of January 1, 1980, except for COLA benefits.

5. Early Retirement Allowance

ACPS Eligibility: Age 55 with at least 15 years of eligibility service.

ACPS Allowance: Service retirement allowance computed as of early retirement date, reduced by 0.5% for each month that early retirement date precedes age 62 (maximum reduction of 42%).

RCPB Eligibility: Age 60 with at least 15 years of eligibility service.

RCPB Allowance: Service retirement allowance computed as of early retirement date, reduced by 0.5% for each month that early retirement date precedes age 65 (maximum reduction of 30%).

6. Disability Retirement Allowance

Ordinary
Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is likely to be permanent.

Allowance: The benefit is the service retirement allowance computed on the basis that service continues until normal retirement age. If disability occurs after age 62 (age 65 for RCPB), the benefit is based on creditable service at time of retirement.

Accidental
Eligibility: Certification of the medical board designated by the Board of Trustees that member is totally and permanently incapacitated from the performance of the normal duties of the member's position as the natural and proximate result of an accident that occurred in the actual performance of duty without willful negligence by the member.

Allowance: The benefit is 66.67% of average final compensation for the three highest consecutive years (five highest for RCPB) as a member plus the annuity provided by accumulated member contributions. The maximum benefit cannot be greater than the average final compensation including any annuitized accumulated contributions.

7. Death Benefits

Ordinary Death Benefit For Active Member With Less Than One Year of Service
Eligibility: Less than one year of eligibility service and not eligible for a special death benefit.

Benefit: Return of accumulated contributions

Ordinary Death Benefit For Active Member With One Or More Years of Service
Eligibility: One or more years of eligibility service and not eligible for a special death benefit

Benefit:

Members who at the time of death are not members of the Reformed Contributory Pension Benefit, are younger than age 55 and have less than 15 years of service or are members of the Reformed Contributory Pension Benefit, are younger than age 60 and have less than 15 years of service. One-time lump sum payment of member's annual earnable compensation at time of death plus accumulated contributions to the member's designated beneficiary.

Members who at the time of death: (1) are eligible to retire; (2) have accrued at least 25 years of eligibility service; (3) are not members of the Reformed Contributory Pension Benefit and are age 55 or older with at least 15 years of service; or (4) are members of the Reformed Contributory Pension Benefit and are age 60 or older with at least 15 years of service.
The surviving spouse of a deceased member may elect to receive: (1) a one-time lump sum payment of the member's annual earnable compensation at the time of death plus the member's accumulated contributions; or (2) a monthly allowance under Option 2 (100% survivor benefit). In cases where a deceased member is not survived by a spouse, the decedent's children may elect to receive: (1) a one-time lump sum payment of the member's annual earnable compensation at the time of death plus the member's accumulated contributions; or (2) an allowance equal to 50% of the basic allowance that would have been paid to the deceased member, prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. The annuity shall be reallocated among the remaining eligible children. If any child is disabled, the benefit will continue for that child as long as the child remains disabled, regardless of age. In cases where a deceased member is not survived by a spouse or children, the member's designated beneficiary shall receive a one-time lump sum payment consisting of the member's accumulated contributions and the member's annual compensation at the time of death.

Special Death Benefit For Active Member
Eligibility: Death arising out of or in the course of the actual performance of duty without willful negligence by the member.

Benefit: 66.67% of average final compensation for the three highest consecutive years as a member, except for member's participating in the RCPB component for which the average final compensation is the five highest consecutive years as a member, payable to a surviving spouse, decedent's children or dependent parents. Accumulated contributions are paid to the designated beneficiary. Children of deceased members receiving a special death benefit will continue to receive this benefit prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. The annuity shall be reallocated among the remaining eligible children. Disabled children receiving a special death benefit may receive a special death benefit as long as they remain disabled, regardless of age.

Death Benefit For Vested Former Member
If a member is not active, but is eligible for a vested allowance, the member's designated beneficiary or estate is eligible to receive only accumulated member contributions at time of death.

8. Vested Allowance

ACPS Eligibility: Five years of eligibility service and separation from employment other than by death or retirement.

ACPS Allowance: Accrued retirement allowance payable at age 62 provided member does not withdraw accumulated contributions. A member who has completed 15 years of eligibility service may begin to receive benefit payments at any time on or after attainment of age 55, reduced by 0.5% for each month that benefit commencement date precedes age 62 (maximum reduction of 42%.)

If member dies before payment of the vested allowance starts, only accumulated member contributions are returned.

RCPB Eligibility: 10 years of eligibility service and separation from employment other than by death or retirement

RCPB Allowance: Accrued retirement allowance payable at age 65 provided member does not withdraw accumulated contributions. A member who has completed 15 years of eligibility service may begin to receive benefit payments at any time on or after attainment of age 60, reduced by 0.5% for each month that benefit commencement date precedes age 65 (maximum reduction of 30%).

If member dies before payment of the vested allowance starts, only accumulated member contributions are returned.

9. Cost of Living Adjustments (COLA)

Retirement allowances may be adjusted each year based on the Consumer Price Index (CPI). Effective July 1, 1998, and for an allowance based on creditable service before July 1, 2011, the adjustment is capped at a maximum of 3% compounded and is applied to all allowances which have been in payment for one year.

For an allowance based on creditable service earned on or after July 1, 2011, the COLA adjustment is capped at 2.5% if, for the calendar year ending December 31 in the previous fiscal year, the several systems' total investment performance was greater than or equal to the assumed rate of investment return established by the Board of Trustees and in effect as of December 31 of the preceding fiscal year. The adjustment is capped at 1% if, for the calendar year ending December 31 in the previous fiscal year, the several systems' total investment performance was less than the assumed rate of investment return established by the Board of Trustees and in effect as of December 31 of the preceding fiscal year.

In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

Any adjustments are effective July 1.

10. Optional Forms of Payment

Basic service allowance is a single life annuity.

Option 1: Lump-sum refund equal to excess of present value of basic retirement allowance at date of retirement minus total amount of payments made to date of death excluding any cost of living adjustments for retirees before July 1, 2017.

Option 2: 100% joint and survivor annuity, which pays the retiree’s surviving designated beneficiary 100% of the retiree’s reduced allowance for the life of the designated beneficiary. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree’s spouse or disabled child.

Option 3: 50% joint and survivor annuity, which pays the retiree’s surviving designated beneficiary 50% of the retiree’s reduced allowance for the life of the designated beneficiary.

Option 4: Lump-sum refund equal to value of accumulated member contributions minus total portion of monthly payments attributed to member contributions made to date of death, excluding any cost of living adjustments for retirees before July 1, 2017.

Option 5: 100% “pop-up” joint and survivor annuity, which pays the designated beneficiary 100% of the retiree’s reduced allowance after the retiree’s death or returns the retiree’s benefit to the unreduced basic allowance if beneficiary predeceases retiree. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree’s spouse or disabled child.

Option 6: 50% “pop-up” joint and survivor annuity, which pays the designated beneficiary 50% of the retiree’s reduced allowance after the retiree’s death or returns the retiree’s benefit to the unreduced basic allowance if beneficiary predeceases retiree.

Retirees who have selected Options 2, 3, 5, or 6 and change their designated beneficiary after they retire, will have their retirement allowance re-calculated to reflect the age of the new designated beneficiary. Retirees who elect to change their beneficiary under Options 2, 3, 5, and 6 may rescind their request to change their designated beneficiary before the second monthly allowance is paid. Retirees who rescind the change of beneficiary, will have their benefit payment amount for the next payment restored to the amount paid before the change in beneficiary was made.

Vested former members who are eligible to receive a vested allowance of less than $50 a month may elect to receive a lump-sum payment equal to the present value in lieu of a monthly benefit.

11. Reduction for Benefits Payable under Workers’ Compensation

Disability retirement allowances, excluding annuity reserves, are reduced for workers’ compensation benefits paid or payable after retirement from injury occurring during employment by the State if the workers’ compensation benefits are for the same injury for which disability retirement was granted and are paid or payable for the same period of time for which the retirement benefits are paid. Teachers’ Pension System retirees receiving an accidental disability payment are subject to an offset if they are getting a workers’ compensation payment for the same injury or illness, subject to specified limits.Offsets do not include any calculation of cost-of-living benefits that are paid on the original benefit amount. Conversely, workers’ compensation payments are subject to an offset by the Workers’ Compensation Commission if a recipient is receiving an ordinary disability payment from the Teachers’ Pension System for the same injury or illness. Any offset taken for an accidental disability from the Teachers’ Pension System will be adjusted if the retiree was originally awarded an ordinary disability retirement benefit that was later converted to an accidental disability benefit. The adjusted offset shall reflect any offset awarded to the retiree’s employer by the Workers’ Compensation Commission.

Employee's Retirement System

A COMPOSITE PICTURE

	2025	2024
Total Membership		
Active Vested	4,848	4,783
Active Non-Vested	4,269	3,418
Vested Former Members	723	743
Retired Members	17,283	17,624
Active Members		
Number	9,117	8,201
Average Age	46.5	46.1
Average Years of Service	11.9	12.7
Average Annual Salary	$ 69,812	$ 67,165
Retirees & Beneficiaries		
Number	17,283	17,624
Average Age	73.9	73.8
Average Monthly Benefit	$ 2,670	$ 2,584

1. Membership

System closed to new members hired on or after January 1, 1980. Members on December 31, 1979 continue to be members unless they elected to transfer into the Employees' Pension System (established January 1, 1980) prior to January 1, 2005.

Membership generally includes employees of the State and other eligible participating employers.

2. Member Contributions

- Plan A: Generally, 7% of earnable compensation to maintain all benefits, including unlimited compounded cost-of-living adjustments.
- Plan B: Generally, 5% of earnable compensation to maintain all benefits, except the compounded cost-of living adjustments which are capped at 5%.
- Plan C: Provides a two-part benefit based on benefits of the Employees' Retirement System and the Employees' Pension System. Employee contributions, if any, are based on participation of the employer in the applicable component of the Employees' Pension System. (refer to summary of Employees' Pension System).

Interest earned on all employee contributions is 4% per year, compounded annually, until retirement, withdrawal of accumulated contributions, death, or the end of membership for former members who are not entitled to receive a vested allowance.

3. Normal Retirement Age

Normal retirement age is age 60.

4. Normal Service Retirement Allowance

Eligibility: 30 years of eligibility service or attainment of age 60.

Allowance: 1/55th of average final compensation for the three highest years as a member for each year of creditable service.

Plan C: For creditable service before election date, the amount determined by the service retirement formula for Employees' Retirement System; for creditable service after election date, the amount determined by the service retirement formula for the applicable component of the Employees' Pension System under which the employer and member participates.

5. Early Retirement Allowance

Eligibility: 25 years of eligibility service and less than 60 years old.

Allowance: Service retirement allowance reduced by 0.5% for each month that date of retirement precedes the earlier of age 60 or the date the member would have completed 30 years of eligibility service (maximum reduction of 30%).

Plan C: For creditable service before election date, the amount determined by the service retirement formula for Employees' Retirement System with a maximum reduction of 30%; for creditable service after election date, the amount determined by the service retirement formula for the applicable component of the Employees' Pension System under which the employer participates with a 0.5% reduction for each month retirement occurs prior to age 62 (maximum reduction of 42%).

6. Disability Retirement Allowance

Ordinary
Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is permanent.

Allowance: The benefit is 1/55th of average final compensation for the three highest years as a member for each year of creditable service. The minimum benefit is 25% of average final compensation; the maximum benefit can be no greater than 1/55th of average final compensation for each year of creditable service the member would have accrued if employment continued to age 60.

Plan C: The benefit is the greater of the Employees' Retirement System allowance noted above, or the ordinary disability benefit of the Employees' Pension System.

Accidental
Eligibility: Certification of the medical board designated by the Board of Trustees that member is totally and permanently incapacitated from the performance of the normal duties of the member's position as the natural and proximate result of an accident that occurred in the actual performance of duty at a definite time and place without willful negligence by the member.

Allowance: The benefit is 66.67% of average final compensation for the three highest years as a member, plus the annuity provided by accumulated member contributions. The maximum benefit cannot be greater than the average final compensation, including any annuitized accumulated contributions.

7. Death Benefits

Ordinary Death Benefit For Active Member With Less Than One Year of Service
Eligibility: Less than one year of eligibility service and not eligible for a special death benefit.

Benefit: Return of accumulated contributions

Ordinary Death Benefit For Active Member With One or More Years of Service
Eligibility: One or more years of eligibility service and not eligible for a special death benefit.

Benefit:

Members who at the time of death are younger than age 55 or have less than 15 years of service.
One-time lump sum payment of member's annual earnable compensation at time of death plus accumulated contributions to the member's designated beneficiary.

Members who at the time of death are eligible to retire and are age 55 or older with at least 15 years of service.
The surviving spouse of a deceased member may elect to receive: (1) a one-time lump sum payment of the member's annual earnable compensation at the time of death plus the member's accumulated contributions; or (2) a monthly allowance under Option 2 (100% survivor benefit). In cases where a deceased member is not survived by a spouse, the decedent's children may elect to receive: (1) a one-time lump sum payment of the member's annual earnable compensation at the time of death plus the member's accumulated contributions; or (2) an allowance equal to 50% of the basic allowance that would have been paid to the deceased member, prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. The annuity shall be reallocated among the remaining eligible children. If any child is disabled, the benefit will continue for that child as long as the child remains disabled, regardless of age. In cases where a deceased member is not survived by a spouse or children, the member's designated beneficiary shall receive a one-time lump sum payment consisting of the member's accumulated contributions and the member's annual compensation at the time of death.

Special Death Benefit For Active Member
Eligibility: Death arising out of or in the course of the actual performance of duty without willful negligence by the member.

Benefit: 66.67% of average final compensation for the three highest years as a member payable to a surviving spouse, decedent's children or dependent parents. Accumulated member contributions are paid to the designated beneficiary. Children of deceased members receiving a special death benefit will continue to receive this benefit, prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. The annuity shall be reallocated among the remaining eligible children. Disabled children receiving a special death benefit may receive a special death benefit as long as they remain disabled, regardless of age.

Death Benefit For Vested Former Member
If member is not active, but is eligible for a vested allowance, the member's designated beneficiary or estate is eligible to receive only accumulated member contributions at time of death.

8. Vested Allowance

Eligibility: Five years of eligibility service and separation from employment other than by death or retirement.

Allowance: Vested allowance payable at normal retirement age, provided member does not withdraw accumulated member contributions.

9. Cost-of-Living Adjustments (COLA)

Retirement allowances may be adjusted each year based on the Consumer Price Index (CPI). Any COLAs are effective July 1 for all allowances which have been in payment for one year.

- Selection A (Additional Member Contributions): Uncapped and compounded.
- Selection B (Limited COLA): Capped at 5% and compounded.
- Selection C (Combination Formula): For creditable service on or after the effective date of Selection C, generally, with limited exceptions, COLA is capped at 3% and compounded. For creditable service before the effective date of Selection C, COLA is calculated based on the applicable component (A or B) to which the member was subject prior to electing Selection C.

In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

10. Optional Forms of Payment

Basic service allowance is a single life annuity.

Option 1: Lump-sum refund equal to excess of present value of basic retirement allowance at date of retirement minus total amount of payments made to date of death excluding any cost of living adjustments for retirees before July 1, 2017.

Option 2: 100% joint and survivor annuity, which pays the retiree’s surviving designated beneficiary 100% of the retiree’s reduced allowance for the life of the designated beneficiary. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree’s spouse or disabled child.

Option 3: 50% joint and survivor annuity, which pays the retiree’s surviving designated beneficiary 50% of the retiree’s reduced allowance for the life of the designated beneficiary.

Option 4: Lump-sum refund equal to value of accumulated member contributions minus total portion of monthly payments attributed to member contributions made to date of death, excluding any cost of living adjustments for retirees before July 1, 2017.

Option 5: 100% “pop-up” joint and survivor annuity, which pays the designated beneficiary 100% of the retiree’s reduced allowance after the retiree’s death or returns the retiree’s benefit to the unreduced basic allowance if beneficiary predeceases retiree. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree’s spouse or disabled child.

Option 6: 50% “pop-up” joint and survivor annuity, which pays the designated beneficiary 50% of the retiree’s reduced allowance after the retiree’s death or returns the retiree’s benefit to the unreduced basic allowance if beneficiary predeceases retiree.

Retirees who have selected Options 2, 3, 5, or 6 and change their designated beneficiary after they retire, will have their retirement allowance re-calculated to reflect the age of the new designated beneficiary. Retirees who elect to change their beneficiary under Options 2, 3, 5, and 6, may rescind their request to change their designated beneficiary before the second monthly allowance is paid. Retirees who rescind the change of beneficiary, will have their benefit payment amount for the next payment restored to the amount paid before the change in beneficiary was made.

Vested former members who are eligible to receive a vested allowance of less than $50 a month may elect to receive a lump-sum payment equal to the present value in lieu of a monthly benefit.

11. Reduction for Benefits Payable Under Workers' Compensation

Disability retirement allowances, excluding annuity reserves, are reduced for workers' compensation benefits paid or payable after retirement from injury occurring during employment by the State if the workers' compensation benefits are for the same injury for which disability retirement was granted and are paid or payable for the same period of time for which the retirement benefits are paid. Employees' Retirement System retirees receiving an accidental disability payment are subject to an offset if they are getting a workers' compensation payment for the same injury or illness, subject to specified limits. Offsets do not include any calculation of cost-of-living benefits that are paid on the original benefit amount. Conversely, workers' compensation payments are subject to an offset by the Workers' Compensation Commission if a recipient is receiving an ordinary disability payment from the Employees' Retirement System for the same injury or illness. Any offset taken for an accidental disability from the Employees' Retirement System will be adjusted if the retiree was originally awarded an ordinary disability retirement benefit that was later converted to an accidental disability benefit. The adjusted offset shall reflect any offset awarded to the retiree's employer by the Workers' Compensation Commission.

Correctional Officers' Retirement System

COMPOSITE THAT INCLUDES STATE & MUNICIPAL

	2025	2024
Total Membership		
Active Vested	4,750	4,670
Active Non-Vested	4,255	3,396
Vested Former Members	629	635
Retired Members	7,418	7,216
Active Members		
Number	9,005	8,066
Average Age	46.0	45.5
Average Years of Service	11.6	12.4
Average Annual Salary	$ 69,774	$ 67,035
Retirees & Beneficiaries		
Number	7,418	7,216
Average Age	64.6	64.1
Average Monthly Benefit	$ 2,402	$ 2,336

1. Membership

Membership is generally a condition of employment for correctional officers serving in the first six job classifications, individuals serving as a security chief, a facility administrator, and assistant warden or a warden, maximum security attendants at Clifton T. Perkins Hospital Center, and employees of the State as provided in SPP § 25-201. This includes participating governmental units who elect to have their detention center officers participate in the Correctional Officers' Retirement System.

2. Member Contributions

Members are required to make contributions of 5% of earnable compensation.

Interest earned on all employee contributions is 4% per year, compounded annually, until retirement, withdrawal of accumulated contributions, death, or the end of membership for former members who are not entitled to receive a vested allowance.

3. Normal Retirement Age

Normal retirement age is age 55 for service retirement, age 60 for disability retirement.

4. Normal Service Retirement Allowance

Eligibility: For individuals who are members on or before June 30, 2011, either age 55 with at least 5 years of eligibility service credit or 20 years of eligibility service, regardless of age. For individuals who are members on or after July 1, 2011, either age 55 with at least 10 years of eligibility service credit, or 20 years of eligibility service, regardless of age.

Allowance: For individuals who are members on or before June 30, 2011, 1/55th of average final compensation for the three highest years as a member for each year of creditable service. For individuals who are members on or after July 1, 2011, 1/55th of average final compensation for the five highest years as a member for each year of creditable service.

5. Early Retirement Allowance

Not applicable to the Correctional Officers' Retirement System, except for certain Baltimore City Jail employees who may retire with 10 years of creditable service., as specified in SPP § 25-401.1.

6. Disability Retirement Allowance

Ordinary
Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is likely to be permanent.

Allowance: The benefit is 1/55th of the average final compensation for the three highest years as a member (five highest for members enrolled on or after July 1, 2011). The minimum benefit is 25% of average final compensation; the maximum benefit can be no greater than 1/55th of average final compensation for each year of creditable service the member would have accrued if employment continued to age 60.

Accidental
Eligibility: Certification of the medical board designated by the Board of Trustees that member is totally and permanently incapacitated from the performance of the normal duties of the member's position as the natural and proximate result of an accident that occurred in the actual performance of duty at a definite time and place without willful negligence by the member.

Allowance: The benefit is 66.67% of average final compensation for the three highest years as a member (five highest for members enrolled on or after July 1, 2011), plus the annuity provided by accumulated member contributions. The maximum benefit cannot be greater than the average final compensation, including any annuitized accumulated contributions.

7. Death Benefits

Ordinary Death Benefit For Active Member With Less Than One Year of Service
Eligibility: Less than one year of eligibility service and not eligible for a special death benefit.

Benefit: Return of accumulated contributions

Ordinary Death Benefit For Active Members With One Or More Years of Service
Eligibility: One or more years of eligibility service and not eligible for a special death benefit.

Benefit:

Members who at the time of death are younger than age 55 or have less than 15 years of service
One-time lump sum payment of member's annual earnable compensation at time of death plus accumulated contributions to the member's designated beneficiary.

Members who at the time of death are eligible to retire and are age 55 or older with at least 15 years of service
The surviving spouse of a deceased member may elect to receive: (1) a one-time lump sum payment of the member's annual earnable compensation at the time of death plus the member's accumulated contributions; or (2) a monthly allowance under Option 2 (100% survivor benefit). In cases where a deceased member is not survived by a spouse, the decedent's children may elect to receive: (1) a one-time lump sum payment of the member's annual earnable compensation at the time of death plus the member's accumulated contributions; or (2) an allowance equal to 50% of the basic allowance that would have been paid to the deceased member, prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. The annuity shall be reallocated among the remaining eligible children. If any child is disabled, the benefit will continue for that child past age 26 as long as the child remains disabled, regardless of age. In cases where a deceased member is not survived by a spouse or children, the member's designated beneficiary shall receive a one-time lump sum payment consisting of the member's accumulated contributions and the member's annual compensation at the time of death.

Special Death Benefit for Active Member

Eligibility: Death arising out of or in the course of the actual performance of duty without willful negligence by the member.

Benefit: 66.67% of average final compensation for the three highest years as a member payable to a surviving spouse, the decedent's children or dependent parents. Accumulated member contributions are paid to the designated beneficiary. Children of deceased members receiving a special death benefit will continue to receive this benefit, prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. The annuity shall be reallocated among the remaining eligible children. Disabled children receiving a special death benefit may receive a special death benefit as long as they remain disabled, regardless of age.

Death Benefit For Vested Former Member
If member is not active, but is eligible for a vested allowance, the member's designated beneficiary or estate is eligible to receive only accumulated member contributions at time of death.

8. Vested Allowance

Eligibility: For individuals who are members on or before June 30, 2011, five years of eligibility service. For individuals who become member on or after July 1, 2011, 10 years of eligibility service. Member must also be separated from employment other than by death or retirement.

Allowance: Service retirement allowance payable at age 55 provided the member does not withdraw the member's accumulated contributions.

9. Cost-of-Living Adjustments (COLA)

Retirement allowances may be adjusted each year based on the Consumer Price Index (CPI). Any COLAs are effective July 1 for all allowances which have been in payment for one year.

Uncapped compounded COLAs are applied to all benefits attributable to creditable service earned on or before June 30, 2011.

For an allowance based on creditable service earned on or after July 1, 2011, the COLA is capped at 2.5% if, for the calendar year ending December 31 in the previous fiscal year the several systems' total investment performance was greater than or equal to the assumed rate of investment return established by the Board of Trustees and in effect as of December 31 of the preceding fiscal year. The adjustment is capped at 1% if, for the calendar year ending December 31 in the previous fiscal year, the several systems' total investment performance was less than the assumed rate of investment return established by the Board of Trustees and in effect as of December 31 of the preceding fiscal year.

In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

10. Optional Forms of Payment

Basic service allowance is a single life annuity.

Option 1: Lump-sum refund equal to excess of present value of basic retirement allowance at date of retirement minus total amount of payments made to date of death excluding any cost of living adjustments for retirees before July 1, 2017.

Option 2: 100% joint and survivor annuity, which pays the retiree's surviving designated beneficiary 100% of the retiree's reduced allowance for the life of the designated beneficiary. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree's spouse or disabled child.

Option 3: 50% joint and survivor annuity, which pays the retiree's surviving designated beneficiary 50% of the retiree's reduced allowance for the life of the designated beneficiary.

Option 4: Lump-sum refund equal to value of accumulated member contributions minus total portion of monthly payments attributed to member contributions made to date of death, excluding any cost of living adjustments for retirees before July 1, 2017.

Option 5: 100% "pop-up" joint and survivor annuity, which pays the designated beneficiary 100% of the retiree's reduced allowance after the retiree's death or returns the retiree's benefit to the unreduced basic allowance if beneficiary predeceases retiree. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree's spouse or disabled child.

Option 6: 50% "pop-up" joint and survivor annuity, which pays the designated beneficiary 50% of the retiree's reduced allowance after the retiree's death or returns the retiree's benefit to the unreduced basic allowance if beneficiary predeceases retiree.

Retirees who have selected Options 2, 3, 5, or 6 and change their designated beneficiary after they retire, will have their retirement allowance re-calculated to reflect the age of the new designated beneficiary. Retirees who elect to change their beneficiary under Options 2, 3, 5, and 6 may rescind their request to change their designated beneficiary before the second monthly allowance is paid. Retirees who rescind the change of beneficiary will have their benefit payment amount for the next payment restored to the amount paid before the change in beneficiary was made.

Vested former members who are eligible to receive a vested allowance of less than $50 a month may elect to receive a lump-sum payment equal to the present value in lieu of a monthly benefit.

11. Reduction for Benefits Payable Under Workers' Compensation

Disability retirement allowances, excluding annuity reserves, are reduced for workers' compensation benefits paid or payable after retirement from injury occurring during employment by the State if the workers' compensation benefits are for the same injury for which disability retirement was granted and are paid or payable for the same period of time for which the retirement benefits are paid. Correctional Officers' Retirement System retirees receiving an accidental disability payment are subject to an offset if they are getting a workers' compensation payment for the same injury or illness, subject to specified limits. Offsets do not include any calculation of cost of living benefits that are paid on the original benefit amount. Conversely, workers' compensation payments are subject to an offset by the Workers' Compensation Commission if a recipient is receiving an ordinary disability payment from the Correctional Officers' Retirement System for the same injury or illness. Any offset taken for an accidental disability from the Correctional Officers' Retirement System will be adjusted if the retiree was originally awarded an ordinary disability retirement benefit that was later converted to an accidental disability benefit. The adjusted offset shall reflect any offset awarded to the retiree's employer by the Workers' Compensation Commission.

Legislative Pension Plan

A COMPOSITE PICTURE

	2025	2024
Total Membership		
Active Vested	80	80
Active Non-Vested	108	107
Vested Former Members	47	47
Retired Members	322	325
Active Members		
Number	188	187
Average Age	54.5	53.8
Average Years of Service	8.5	7.9
Average Annual Salary	$ 55,703	$ 54,539
Retirees & Beneficiaries		
Number	322	325
Average Age	77.4	77.2
Average Monthly Benefit	$ 1,665	$ 1,642

1. Membership

Membership is generally a condition of employment for members of the Maryland General Assembly during the 2019-2022 term of office.

2. Member Contributions

Members are required to contribute 7% of annual salary up to 22 years and three months of creditable service.

Interest earned on all employee contributions is 4% per year, compounded annually, until retirement or withdrawal of accumulated contributions.

3. Normal Retirement Age

For members who have creditable service prior to January 14, 2015, normal retirement age is age 60.

For members who do not have creditable service prior to January 14, 2015, normal retirement age is age 62.

4. Service Retirement Allowance

Eligibility: For individuals who have creditable service in the Legislative Pension Plan before January 14, 2015, age 60 with eight years of creditable service. For individuals who have no creditable service in the Legislative Pension Plan before January 14, 2015, age 62 with eight years of creditable service.

Allowance: 3% of salary of an active legislator for each year of service, multiplied by the number of years of creditable service. The maximum benefit available for a member is 66.67% of salary payable to an active legislator.

5. Reduced Service Retirement Allowance

Eligibility: For individuals who have creditable service in the Legislative Pension Plan before January 14, 2015, age 50 with eight years of creditable service. For individuals who have no creditable service in the Legislative Pension Plan before January 14, 2015, age 55 with eight years of creditable service.

Allowance: For individuals who have creditable service in the Legislative Pension Plan before January 14, 2015, a service retirement allowance computed as of early retirement date, reduced by 0.5% for each month under age 60 (maximum reduction of 60%). For individuals who have no creditable service in the Legislative Pension Plan before January 14, 2015, a service retirement allowance computed as of early retirement date, reduced by 0.5% for each month under age 62 (maximum reduction of 42%).

6. Disability Retirement Allowance

Eligibility: Eight years of creditable service, regardless of age, and certification of the medical board designated by the Board of Trustees that the member is mentally or physically incapacitated from further performance of duty as a legislator, and that incapacity is likely to be permanent.

Allowance: Service retirement allowance, regardless of age.

7. Death Benefits

Death Of A Member With At Least Eight Years Of Creditable Service
Eligibility: At least eight years of creditable service.

Beneficiary: Payment of the benefit shall be made to the member's surviving spouse. If there is no surviving spouse at the time of the member's death, the benefit shall be prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. If any child is disabled, the benefit will continue as long as the child remains disabled, regardless of age. In cases where a deceased member is not survived by a spouse or children, payment will be made to the member's designated beneficiary.

Benefit: The member's beneficiary (surviving spouse, children, or designated beneficiary) may elect to receive: (1) a return of the member's accumulated contributions plus the member's annual salary, if any, at the time of death; or (2) an annuity equal to 50% of the retirement allowance that would have been paid at the member's death, regardless of the member's age. The surviving spouse or children will begin receiving the death benefit at the time of the member's death. A designated beneficiary who elects to receive the annuity may not begin receiving the benefit until the beneficiary reaches age 60, if the deceased member had creditable service in the Legislative Pension Plan before January 14, 2015, or age 62, if the deceased member did not have creditable service before January 14, 2015. The designated beneficiary may elect to begin receiving a reduced annuity at age 50, if the deceased member had creditable service before January 14, 2015, or age 55 if the deceased member did not have creditable service before January 14, 2015.

Death Of A Member With Less Than Eight Years Of Creditable Service

Eligibility: A member currently serving in the legislature with less than eight years of creditable service

Beneficiary: Payment of the benefit shall be made to the member's surviving spouse. If there is no surviving spouse at the time of the member's death, the benefit shall be prorated equally among the eligible children. A child is eligible for a prorated share if the child is under age 26 or the child is disabled, regardless of age. In cases where a deceased member is not survived by a spouse or children, payment will be made to the member's designated beneficiary. If a member designates more than one beneficiary, the benefit shall be prorated equally among each beneficiary.

Benefit: A lump-sum benefit equal to the member's accumulated contributions plus the member's annual salary at the time of death.

Death Of A Member With No Beneficiary

On death of a member who is not survived by a spouse, children, or designated beneficiary, the Board of Trustees shall pay the member's accumulated contributions to the estate of the member.

Death Of Retiree

Upon the death of a retiree, a survivor allowance equal to 50% of the retiree's retirement allowance is payable to the retiree's surviving spouse for the spouse's life. If the retiree has no surviving spouse and the retiree has creditable service before January 14, 2015, the full survivor allowance is payable to the designated beneficiary for life beginning at age 60 or an optional reduced survivor allowance is payable to the designated beneficiary for life beginning at age 50. If the retiree has no surviving spouse and the retiree has no creditable service before January 14, 2015, the full survivor allowance is payable to the designated beneficiary for life beginning at age 62 or an optional reduced survivor allowance is payable to the designated beneficiary for life beginning at age 55.

8. Vested Allowance

Eligibility: Eight years of creditable service and separation from employment other than by death or retirement.

Allowance: For individuals who have creditable service in the Legislative Pension Plan before January 14, 2015, a service retirement allowance payable at age 60, provided the member has not withdrawn the member's accumulated contributions. For individuals who have no creditable service in the Legislative Pension Plan before January 14, 2015, a service retirement allowance payable at age 62, provided the member has not withdrawn the member's accumulated contributions.

9. Cost-of-Living Adjustments

Generally, allowances are recalculated each time the salary for a sitting legislator increases.

10. Optional Forms of Payment

Basic Allowance: Normal service allowance with a 50% joint and survivor annuity to the retiree's surviving spouse. If there is no surviving spouse, to the retiree's designated beneficiary. A surviving spouse will begin receiving the death benefit at the time of the retiree's death. A designated beneficiary may not begin receiving the benefit until the beneficiary reaches age 60, if the deceased retiree had creditable service in the Legislative Pension Plan before January 14, 2015, or age 62, if the deceased retiree did not have creditable service before January 14, 2015. The designated beneficiary may elect to begin receiving a reduced annuity at age 50, if the deceased retiree had creditable service before January 14, 2015, or age 55 if the deceased retiree did not have creditable service before January 14, 2015.

Option 1: 100% joint and survivor annuity. If, at the time of retirement the member is married and elects to receive Option 1, the member's spouse must be the designated beneficiary. The designated beneficiary may not be more than 10 years younger than the member unless the beneficiary is the member's spouse or disabled child.

Employees' Pension System

A COMPOSITE PICTURE

	2025	2024
Total Membership		
Active Vested	33,301	33,304
Active Non-Vested	44,802	43,443
Vested Former Members	20,839	21,459
Retired Members	68,712	67,784
Active Members		
Number	78,103	76,747
Average Age	48.2	48.3
Average Years of Service	10.3	10.4
Average Annual Salary	$ 76,590	$ 71,834
Retirees & Beneficiaries		
Number	68,712	67,784
Average Age	73.1	72.6
Average Monthly Benefit	$ 1,681	$ 1,609

1. Membership

Membership is generally a condition of employment for all regular employees of the State of Maryland hired on or after January 1, 1980, excluding those eligible for the Teachers' Retirement System, Teachers' Pension System, State Police Retirement System, certain judges, correctional officers, Law Enforcement Officers Pension System, and members of the General Assembly. Certain governmental units also have elected to participate in the System.

There are four plans under the Employees' Pension System.

- Noncontributory Pension System **(NCPS)** – The original pension system established on January 1, 1980 that only applies to certain participating governmental units that did not elect to participate in the Contributory Pension System, Alternate Contributory Pension Selection, or Reformed Contributory Pension Benefit.
- Employees' Contributory Pension System **(ECPS)** – The ECPS established July 1, 1998 that only applies to certain participating governmental units that elected the ECPS but did not elect to participate in the Alternate Contributory Pension Selection, or Reformed Contributory Pension Benefit.
- Alternate Contributory Pension Selection **(ACPS)** – Applies to all State employees and employees of participating governmental units that are members of the ACPS on or before June 30, 2011.
- Reformed Contributory Pension Benefit **(RCPB)** – Applies to all State employees and, employees of participating governmental units enrolling in the Employees' Pension System on or after July 1, 2011. It does not apply to employees of participating governmental units that did not elect to participate in the ACPS or RCPB.

2. Member Contributions

NCPS: Members are only required to make contributions of 5% on earnable compensation that exceeds the Social Security Taxable Wage Base.

ECPS: Members are required to make contributions of 2% of earnable compensation.

ACPS: Members are required to make contributions of 7% of earnable compensation.

RCPB: Members are required to make contributions of 7% of earnable compensation.

Contributions earn interest at 5% per year, compounded annually, until retirement, withdrawal of accumulated contributions, death, or the end of membership for former members who are not entitled to receive a vested allowance.

3. Normal Retirement Age

For members of the Non-Contributory, Contributory, or Alternate Contributory Pension Selection, normal retirement age is age 62.

For members of the Reformed Contributory Pension Benefit, normal retirement age is age 65.

4. Normal Service Retirement Allowance

NCPS, ECPS, and ACPS Eligibility 30 years of eligibility service or attainment of one of the following:

Age 62 with five years of eligibility service
Age 63 with four years of eligibility service
Age 64 with three years of eligibility service
Age 65 or older with two years of eligibility service

NCPS Allowance:

0.8% of average final compensation up to the Social Security Integration Level (SSIL) for the three highest consecutive years as a member plus 1.5% of average final compensation over the SSIL for each year of creditable service;

ECPS Allowance: The greater of (i) or (ii), plus (iii), as described below:

(i) 1.2% of average final compensation for the three highest consecutive years as a member for each year of creditable service on or before June 30, 1998;

(ii) 0.8% of average final compensation up to the SSIL for the three highest consecutive years as a member plus 1.5% of average final compensation over the SSIL for each year of creditable service on or before June 30, 1998; or

(iii) 1.4% of average final compensation for the three highest consecutive years as a member for each year of creditable service after June 30, 1998.

ACPS Allowance: The greater of (i) or (ii), plus (iii), as described below:

(i) 1.2% of average final compensation for the three highest consecutive years as a member for each year of creditable service on or before June 30, 1998;

(ii) 0.8% of average final compensation up to the SSIL for the three highest consecutive years as a member plus 1.5% of average final compensation over the SSIL for each year of creditable service on or before June 30, 1998; or

(iii) 1.8% of average final compensation for the three highest consecutive years as a member for each year of creditable service after June 30, 1998.

RCPB Eligibility Combined age and eligibility service of at least 90 years or age 65 with 10 or more years of eligibility service.

RCPB Allowance: 1.5% of average final compensation for the five highest consecutive years as a member for each year of creditable service on or after July 1, 2011.

SSIL is the average of all Social Security Wage Bases over the 35 calendar years prior to your retirement.

Note: Members who transferred into the Employees' Pension System, on or after April 1, 1998, receive benefits based on the provisions of the NCPS as in effect on January 1, 1980 except for COLA benefits.

5. Early Retirement Allowance

NCPS, ECPS, and ACPS Eligibility: Age 55 and at least 15 years of eligibility service.

NCPS, ECPS, and ACPS Allowance: Service retirement allowance computed as of early retirement date, reduced by 0.5% for each month that early retirement date precedes age 62 (maximum reduction is 42%).

RCPB Eligibility: Age 60 with at least 15 years of eligibility service.

RCPB Allowance: Service retirement allowance computed as of early retirement date, reduced by 0.5% for each month that early retirement date precedes age 65 (maximum reduction is 30%).

6. Disability Retirement Allowance

Ordinary

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is likely to be permanent.

Allowance: The benefit is the service retirement allowance computed on the basis that service continues until normal retirement age. If disability occurs on or after age 62 (age 65 for RCPB), the benefit is based on creditable service at time of retirement.

Accidental

Eligibility: Certification of the medical board designated by the Board of Trustees that member is totally and permanently incapacitated from the performance of the normal duties of the member's position as the natural and proximate result of an accident that occurred in the actual performance of duty without willful negligence by the member.

Allowance: The benefit is 66.67% of average final compensation for the three highest consecutive years (five highest for RCPB) as a member, plus the annuity provided by accumulated member contributions. The maximum benefit cannot be greater than the average final compensation including any annuitized accumulated contributions.

7. Death Benefits

Ordinary Death Benefit For Active Member With Less Than One Year of Service

Eligibility: Less than one year of eligibility service and not eligible for a special death benefit.

Benefit: Return of accumulated contributions

Ordinary Death Benefit For Active Member With One Or More Years of Service

Eligibility: One or more years of eligibility service and not eligible for a special death benefit.

Benefit:

Members who at the time of death are not members of the Reformed Contributory Pension Benefit, are younger than age 55, and have less than 15 years of service or are members of the Reformed Contributory Pension Benefit, are younger than age 60, and have less than 15 years of service. One-time lump sum payment of member's annual earnable compensation at time of death plus accumulated contributions to the member's designated beneficiary.

Members who at the time of death: (1) are eligible to retire; (2) have accrued at least 25 years of eligibility service; (3) are not members of the Reformed Contributory Pension Benefit and are age 55 or older with at least 15 years of service; or (4) are members of the Reformed Contributory Pension Benefit and are age 60 or older with at least 15 years of service.
The surviving spouse of a deceased member may elect to receive: (1) a one-time lump sum payment of the member's annual earnable compensation at the time of death plus the member's accumulated contributions; or (2) a monthly allowance under Option 2 (100% survivor benefit). In cases where a deceased member is not survived by a spouse, the decedent's children may elect to receive: (1) a one-time lump sum payment of the member's annual earnable compensation at the time of death plus the member's accumulated contributions; or (2) an allowance equal to 50% of the basic allowance that would have been paid to the deceased member, prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. The annuity shall be reallocated among the remaining eligible children. If any child is disabled, the benefit will continue for that child as long as the child remains disabled, regardless of age. In cases where a deceased member is not survived by a spouse or children, the member's designated beneficiary shall receive a one-time lump sum payment consisting of the member's accumulated contributions and the member's annual compensation at the time of death.

Special Death Benefit For Active Member
Eligibility: Death arising out of or in the course of the actual performance of duty without willful negligence by the member.

Benefit: 66.67% of average final compensation for the three highest consecutive years as a member, except for member's participating in the RCPB component for which the average final compensation is the five highest consecutive years as a member, payable to a surviving spouse, the decedent's children or dependent parents. Accumulated member contributions are paid to the designated beneficiary. Children of deceased members receiving a special death benefit will continue to receive this benefit, prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. The annuity shall be reallocated among the remaining eligible children. Disabled children receiving a special death benefit may receive a special death benefit as long as they remain disabled, regardless of age.

Death Benefit For Vested Former Member
If a member is not active, but is eligible for a vested allowance, the member's designated beneficiary or estate is eligible to receive only accumulated member contributions at time of death.

8. Vested Allowance

NCPS, ECPS, and ACPS Eligibility: Five years of eligibility service and separation from employment other than by death or retirement.

NCPS, ECPS, and ACPS Allowance: Accrued retirement allowance payable at age 62. A member who has completed 15 years of eligibility service may begin to receive benefit payments at any time on or after attainment of age 55, reduced by 0.5% for each month that benefit commencement date precedes age 62 (maximum reduction of 42%).

If member dies before payment of the vested allowance starts, only accumulated member contributions are returned.

RCPB Eligibility: 10 years of eligibility service and separation from employment other than by death or retirement.

RCPB Allowance: Accrued retirement allowance payable at age 65 provided member does not withdraw accumulated contributions. A member who has completed 15 years of eligibility service may begin to receive benefit payments at any time on or after attainment of age 60, reduced by 0.5% for each month that benefit commencement date precedes age 65 (maximum reduction of 30%).

If member dies before payment of the vested allowance starts, only accumulated member contributions are returned.

9. Cost-of-Living Adjustments (COLA)

Retirement allowances may be adjusted each year based on the Consumer Price Index (CPI). Generally, effective July 1, 1998, and for an allowance based on creditable service earned before July 1, 2011, the adjustment is capped at a maximum of 3% compounded and is applied to all allowances which have been in payment for one year.

Generally, for an allowance based on creditable service earned on or after July 1, 2011, the COLA is capped at 2.5% if, for the calendar year ending December 31 in the previous fiscal year, the several systems' total investment performance was greater than or equal to the assumed rate of investment return established by the Board of Trustees and in effect as of December 31 of the preceding fiscal year. The adjustment is capped at 1% if, for the calendar year ending December 31 in the previous fiscal year the several systems' total investment performance was less than the assumed rate of investment return established by the Board of Trustees and in effect as of December 31 of the preceding fiscal year.

For certain individuals, such as employees of a participating governmental unit that has not elected the contributory pension benefit or the Alternate Contributory Pension Selection for its members, or their surviving beneficiaries, the allowance is subject to a simple COLA capped at 3%.

In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

10. Optional Forms of Payment

Basic service allowance is in a single life annuity.

Option 1: Lump-sum refund equal to excess of present value of basic retirement allowance at date of retirement minus total amount of payments made to date of death excluding any cost of living adjustments for retirees before July 1, 2017.

Option 2: 100% joint and survivor annuity, which pays the retiree’s surviving designated beneficiary 100% of the retiree’s reduced allowance for the life of the designated beneficiary. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree’s spouse or disabled child.

Option 3: 50% joint and survivor annuity, which pays the retiree’s surviving designated beneficiary 50% of the retiree’s reduced allowance for the life of the designated beneficiary.

Option 4: Lump-sum refund equal to value of accumulated member contributions minus total portion of monthly payments attributed to member contributions made to date of death, excluding any cost of living adjustments for retirees before July 1, 2017.

Option 5: 100% “pop-up” joint and survivor annuity, which pays the designated beneficiary 100% of the retiree’s reduced allowance after the retiree’s death or returns the retiree’s benefit to the unreduced basic allowance if beneficiary predeceases retiree. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree’s spouse or disabled child.

Option 6: 50% “pop-up” joint and survivor annuity, which pays the designated beneficiary 50% of the retiree’s reduced allowance after the retiree’s death or returns the retiree’s benefit to the unreduced basic allowance if beneficiary predeceases retiree.

Retirees who have selected Options 2, 3, 5, or 6 and change their designated beneficiary after they retire, will have their retirement allowance re-calculated to reflect the age of the new designated beneficiary. Retirees who elect to change their beneficiary under Options 2, 3, 5, and 6 may rescind their request to change their designated beneficiary before the second monthly allowance is paid. Retirees who rescind the change of beneficiary will have their benefit payment amount for the next payment restored to the amount paid before the change in beneficiary was made.

Vested former members who are eligible to receive a vested allowance of less than $50 a month may elect to receive a lump-sum payment equal to the present value in lieu of a monthly benefit.

11. Reduction for Benefits Payable Under Workers’ Compensation

Disability retirement allowances, excluding annuity reserves, are reduced for workers’ compensation benefits paid or payable after retirement from injury occurring during employment by the State if the workers’ compensation benefits are for the same injury for which disability retirement was granted and are paid or payable for the same period of time for which the retirement benefits are paid. Employees’ Pension System retirees receiving an accidental disability payment are subject to an offset if they are getting a workers’ compensation payment for the same injury or illness, subject to specified limits. Offsets do not include any calculation of cost-of-living benefits that are paid on the original benefit amount. Conversely, workers’ compensation payments are subject to an offset by the Workers’ Compensation Commission if a recipient is receiving an ordinary disability payment from the Employees’ Pension System for the same injury or illness. Any offset taken for an accidental disability from the Employees’ Pension System will be adjusted if the retiree was originally awarded an ordinary disability retirement benefit that was later converted to an accidental disability benefit. The adjusted offset shall reflect any offset awarded to the retiree’s employer by the Workers’ Compensation Commission.

State Police Retirement System

A COMPOSITE PICTURE	2025	2024
Total Membership		
Active Vested	802	817
Active Non-Vested	500	495
Vested Former Members	80	85
Retired Members	2,668	2,638
Active Members		
Number	1,302	1,312
Average Age	37.0	36.9
Average Years of Service	12.9	12.7
Average Annual Salary	$ 116,056	$ 110,538
Retirees & Beneficiaries		
Number	2,668	2,638
Average Age	66.9	66.5
Average Monthly Benefit	$ 5,449	$ 5,286

1. Membership

Membership is a condition of employment for all officers of the Maryland State Police.

2. Member Contributions

Members are required to contribute 8% of earnable compensation. Beginning July1, 2020, no member contributions are required after 28 years of service.

Contributions earn interest at 4% per year, compounded annually, until retirement, withdrawal of the accumulated contributions, or the end of membership for former members who are not entitled to receive a vested allowance.

3. Normal Retirement Age

Normal retirement age is age 50.

4. Normal Service Retirement Allowance

Eligibility: For individuals who are members on or before June 30, 2011, 22 years of eligibility service or attainment of age 50. For individuals who become members on or after July 1, 2011, 25 years of eligibility service or attainment of age 50. Retirement at age 60 is mandatory for all but the Secretary of State Police.

Allowance: For individuals who are members on or before June 30, 2011, 2.55% of average final compensation for the three highest years as a member. For individuals who become members on or after July 1, 2011, 2.55% of average final compensation for the five highest years as a member. Maximum benefit is 71.4% of average final compensation.

5. Early Retirement Allowance

Not applicable to the State Police Retirement System.

6. Disability Retirement Allowance

Ordinary

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is likely to be permanent.

Allowance: The allowance is the greater of a normal service retirement allowance (as described above) or 35% of the member's average final compensation.

Special (Accidental)

Eligibility: Total and permanent incapacity for duty as certified by the medical board arising out of or in the course of the actual performance of duty without willful negligence by the member.

Allowance: For members who are under normal retirement age, the benefit is the lesser of either the member's average final compensation, or the sum of 66.67% of the member's average final compensation and an annuity that is actuarially equivalent to the member's accumulated contributions. Members who are at least normal retirement age are entitled either to the benefit as calculated for members under normal retirement age, or a normal service retirement allowance, whichever is greater.

7. Death Benefits

Normal Death Benefit – Return of Accumulated Contributions

Eligibility: Death while employed as a member and less than one year of eligibility service. A normal death benefit may be not paid if a special death benefit is paid for that death.

Benefit: Lump sum payment of member's accumulated member contributions to the member's designated beneficiary or, if there is no designated beneficiary, to the member's estate.

Normal Death Benefit – Return of Accumulated Contributions and Annual Earnable Compensation

Eligibility: Death while employed as a member and at least one year of eligibility service. A normal death benefit may not be paid if a special death benefit is paid for that death.

Benefit: Lump sum payment of member's accumulated contributions and an amount equal to the member's annual earnable compensation at the time of death to the member's designated beneficiary or, if there is no designated beneficiary, to the member's estate.

Special Death Benefit For Death While Employed And Not In Performance Of Duty

Eligibility: Death while employed as a member, without member's willful negligence, and not in the performance of duty. Member has more than two years of eligibility service. The member is survived by a spouse, a child under the age of 26, a disabled child, or a dependent parent.

Benefit: Accumulated member contributions plus an allowance equal to 50% of the member's average final compensation.

Beneficiary: Payment of the member's accumulated member contributions shall be paid to the member's designated beneficiary, or otherwise to the member's estate. An allowance equal to 50% of the member's average final compensation shall be made to the surviving spouse; however, if there is no surviving spouse or spouse dies before youngest child reaches age 26, 50% of average final compensation continues prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. If the child is disabled, the benefit will continue as long as the child remains disabled, regardless of age. In cases where a deceased member is not survived by a spouse or children, payment is made to dependent parents. If none of the above conditions is met, the normal death benefit is paid to the designated beneficiary.

Special Death Benefit For Death In The Performance Of Duty

Eligibility: Death while employed as a member, without member's willful negligence, and in the performance of duty. The member is survived by a spouse, a child under the age of 26, a disabled child, or a dependent parent.

Benefit: Accumulated member contributions plus an allowance equal to 66.67% of the member's average final compensation.

Beneficiary: Payment of the member's accumulated member contributions shall be paid to the member's designated beneficiary, or otherwise to the member's estate. An allowance equal to 66.67% of the member's average final compensation shall be made to the surviving spouse; however, if there is no surviving spouse or spouse dies before youngest child reaches age 26, 66.67% of average final compensation continues prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. If the child is disabled, the benefit will continue as long as the child remains disabled, regardless of age. In cases where a deceased member is not survived by a spouse or children, payment is made to dependent parents. If none of the above conditions is met, the normal death benefit is paid to the designated beneficiary.

Waiver of Special Death Benefit

Before the payment of any special death benefit is made under this section, if all individuals eligible for a special death benefit elect to waive the payment of the special death benefit, a normal death benefit is paid to the member's designated beneficiary, or otherwise to the member's estate.

Death Benefit For Vested Former Member

If a member is not active, but is eligible for a vested allowance, the member's designated beneficiary or estate is eligible to receive only accumulated member contributions at time of death.

8. Vested Allowance

Eligibility: For individuals who became members on or before June 30, 2011, five years of eligibility service and separation from employment other than by death or retirement. For individuals who become members on or after July 1, 2011, 10 years of eligibility service and separation from employment other than by death or retirement.

Allowance: Service retirement allowance payable at normal retirement age, provided the member does not withdraw the member's accumulated contributions.

9. Cost-of-Living Adjustments (COLA)

Retirement allowances may be adjusted each year based on the Consumer Price Index (CPI). Any COLAs are effective July 1, for all allowances which have been in payment for one year.

Uncapped compounded COLAs are applied to all benefits attributable to creditable service earned on or before June 30, 2011.

For an allowance based on creditable service earned on or after July 1, 2011, the COLA adjustment is capped at 2.5% if, for the calendar year ending December 31 in the previous fiscal year, the several systems' total investment performance was greater than or equal to the assumed rate of investment return established by the Board of Trustees and in effect as of December 31 of the preceding fiscal year. The adjustment is capped at 1% if, for the calendar year ending December 31 in the previous fiscal year, the several systems' total investment performance was less than the assumed rate of investment return established by the Board of Trustees and in effect as of December 31 of the preceding fiscal year.

In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

Retirees and beneficiaries receiving a retirement allowance on or before June 30, 1999, who receive an annual adjustment to their benefit ranging from $1,200 to $2,100 receive separate COLAs on this adjustment commencing effective July 1, 2000.

10. Optional Forms of Payment

If, at the time of death, the retiree is married, the retiree's spouse is entitled to receive a survivor benefit consisting of 80% of the retiree's retirement allowance. If there is no surviving spouse or upon the death of the surviving spouse, payment of the survivor benefit is divided equally among any children of the deceased retiree under the age of 18 years, until each child dies or becomes age 18. If the child is disabled, the benefit will continue as long as the child remains disabled, regardless of age. If there is no spouse at time of retirement, member may select an optional allowance.

Option 1: Lump-sum refund equal to excess of present value of basic retirement allowance at date of retirement minus total amount of payments made to date of death excluding any cost of living adjustments for retirees before July 1, 2017.

Option 2: 100% joint and survivor annuity, which pays the retiree's surviving designated beneficiary 100% of the retiree's reduced allowance for the life of the designated beneficiary. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree's spouse or disabled child.

Option 3: 50% joint and survivor annuity, which pays the retiree's surviving designated beneficiary 50% of the retiree's reduced allowance for the life of the designated beneficiary.

Option 4: Lump-sum refund equal to value of accumulated member contributions minus total portion of monthly payments attributed to member contributions made to date of death, excluding any cost of living adjustments for retirees before July 1, 2017.

Option 5: 100% "pop-up" joint and survivor annuity, which pays the designated beneficiary 100% of the retiree's reduced allowance after the retiree's death or returns the retiree's benefit to the unreduced basic allowance if beneficiary predeceases retiree. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree's spouse or disabled child.

Option 6: 50% "pop-up" joint and survivor annuity, which pays the designated beneficiary 50% of the retiree's reduced allowance after the retiree's death or returns the retiree's benefit to the unreduced basic allowance if beneficiary predeceases retiree.

Retirees who have selected Options 2, 3, 5, or 6 and change their designated beneficiary after they retire, will have their retirement allowance re-calculated to reflect the age of the new designated beneficiary. Retirees who elect to change their beneficiary under Options 2, 3, 5, and 6 may rescind their request to change their designated beneficiary before the second monthly allowance is paid. Retirees who rescind the change of beneficiary will have their benefit payment amount for the next payment restored to the amount paid before the change in beneficiary was made.

11. Reduction for Benefits Payable Under Workers' Compensation

Disability retirement allowances, excluding annuity reserves, are reduced for workers' compensation benefits paid or payable after retirement from injury occurring during employment by the State if the workers' compensation benefits are for the same injury for which disability retirement was granted and are paid or payable for the same period of time for which the retirement benefits are paid. State Police Retirement System retirees receiving an accidental disability payment are subject to an offset if they are getting a workers' compensation payment for the same injury or illness, subject to specified limits. Offsets do not include any calculation of cost-of-living benefits that are paid on the original benefit amount. Conversely, workers' compensation payments are subject to an offset by the Workers' Compensation Commission if a recipient is receiving an ordinary disability payment from the State Police Retirement System for the same injury or illness. Any offset taken for an accidental disability from the State Police Retirement System will be adjusted if the retiree was originally awarded an ordinary disability retirement benefit that was later converted to an accidental disability benefit. The adjusted offset shall reflect any offset awarded to the retiree's employer by the Workers' Compensation Commission.

12. Deferred Retirement Option Program (DROP)

Eligibility: Members who joined the State Police Retirement System on or before June 30, 2011 are eligible to participate in the DROP if they are less than 60 years old and have at least 22 but less than 32 years of employment in a position eligible for membership in the State Police Retirement System. Members who join the State Police System on or after July 1, 2011 are eligible to participate in the DROP if they are less than 60 years old and have at least 25 but less than 32 years of employment in a position eligible for membership in the State Police Retirement System.

Participation: An eligible member may participate in the DROP for the lesser of 7 years, the difference between 32 years and the member's years of employment in a position eligible for membership in the State Police Retirement System as of the date of the member's election to participate in the DROP and retire from the State Police Retirement System, the difference between 60 years and the member's age on date of election to participate, or a term selected by the member. Participation also ends if the participant dies, is terminated from employment, accepts a special disability retirement allowance, or submits a binding letter of resignation or notice of intent to terminate employment. Members who participate in the DROP are retired and cease making member contributions, and cease accruing service credit and additional benefits.

Allowance: For members who entered the DROP on or before June 30, 2011, the service retirement allowance, with COLAs, is credited to an account earning interest at the rate of 6% per year, compounded monthly. For members who enter DROP on or after July 1, 2011, the service retirement allowance, with COLAs, is credited to an account earning interest at the rate of 4% per year, compounded annually. When the DROP period ends, members terminate employment and begin receiving their monthly allowance plus the lump sum payment from their DROP account. During the DROP period, members remain eligible for Special Disability benefits if incapacitated while in DROP.

Judges' Retirement System

A COMPOSITE PICTURE

		2025		2024
Total Membership				
Active Vested		223		223
Active Non-Vested		92		99
Vested Former Members		9		8
Retired Members		475		471
Active Members				
Number		315		322
Average Age		57.7		57.7
Average Years of Service		8.4		8.2
Average Annual Salary	$	200,192	$	190,003
Retirees & Beneficiaries				
Number		475		471
Average Age		78.4		78.4
Average Monthly Benefit	$	9,026	$	8,602

1. Membership

Membership is a condition of employment for a judge of the Court of Appeals, Court of Special Appeals, Circuit Court, or District Court of Maryland and members of the State Workers' Compensation Commission. Membership ends if the member is separated from employment for more than four years, withdraws the member's accumulated contributions, retires, or dies.

2. Member Contributions

Members are required to make contributions of 8% of salary until they have completed 16 years of service as a member.

Contributions earn interest at 4% per year, compounded annually, until retirement or withdrawal of accumulated contributions. Non-vested members who became members of the Judges' Retirement System on or after July 1, 2012 shall not receive interest after membership ends.

3. Normal Retirement Age

Normal retirement age is age 60.

4. Retirement Allowance

Eligibility: An individual who is a member of the Judges' Retirement System before July 1, 2012 is entitled to a retirement allowance: (1) on termination of service if the member is at least age 60; (2) on resignation for disability and recommendation of the medical board; (3) when retired by order of the Court of Appeals; or (4) at the age of 60 years. An individual who becomes a member of the Judges' Retirement System on or after July 1, 2012 is entitled to a retirement allowance: (1) on termination of service if the member is at least 60 and has at least 5 years of eligibility service; (2) on resignation for disability and recommendation of the medical board; (3) when retired by order of the Court of Appeals if the member has at least 5 years of eligibility service; (4) at the mandatory retirement age required by the Maryland Constitution with less than five years of service, if the member has eligibility service equal to the mandatory retirement age minus the member's age when the member joined the Judges' Retirement System; or (5) at the age of 60, if the former member's termination of service occurred earlier and the former member had at least five years of eligibility service when the former member terminated service.

Allowance: Generally, the retirement allowance equals 66.67% of salary payable in that fiscal year to member holding same level of judicial position that retiree held on termination of service. For members with less than 16 years of service credit, the benefit is reduced based on the ratio of years of service credit to 16.

5. Early Retirement Allowance

Not applicable to the Judges' Retirement System.

6. Disability Retirement Allowance

Eligibility: Certification of the medical board designated by the Board of Trustees that member is incapacitated for the performance of duty, and that incapacity is likely to be permanent.

Allowance: A retirement allowance payable immediately. However, if a judge has at least three years of service credit as a member, the allowance will be at least .333% of the judge's salary at the time of retirement.

7. Death Benefits

Monthly Allowance

Eligibility: Death of a judge or former judge at any age, leaving a surviving spouse or children under the age of 26, or a child who is disabled, regardless of age.

Allowance: 50% of the pension that would have been payable to the judge or former judge as of the date of death, as if the judge or former judge was eligible to receive a retirement allowance, is payable to surviving spouse. If there is no spouse, payment is divided equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. If the child is disabled, the benefit will continue as long as the child remains disabled, regardless of age.

Lump Sum

On death of a member who is not survived by a spouse or children, the Board of Trustees shall pay the member's accumulated contributions and an amount equal to the member's annual salary at time of death to the member's designated beneficiary. If the member has designated more than one beneficiary, this lump-sum death benefit shall be divided equally among the beneficiaries. If a member's service is terminated by death and the member leaves no spouse, child under the age of 18 years, or designated beneficiary, the member's accumulated contributions shall be paid to the member's estate.

Special Death Benefit

Eligibility: Death arising out of or in the course of the actual performance of duty without willful negligence by the member.

Benefit: A return of the member's accumulated contributions and an allowance equal to two-thirds of the salary of a member holding the same judicial position as the member who was killed in the line of duty, payable to a surviving spouse, the decedent's children, or dependent parents. Children of deceased members receiving a special death benefit will continue to receive their benefit, prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. The annuity shall be reallocated among the remaining eligible children. Disabled children receiving a special death benefit may receive a special death benefit as long as they remain disabled, regardless of age.

8. Vested Allowance

Eligibility: Individuals who became members before July 1, 2012 are eligible once they have both separated from service and reached age 60 years. Individuals who become members on or after July 1, 2012 are eligible once they have separated from service, reached age 60 years, and earned five years of eligibility service. Also eligible are individuals who became members on or after July 1, 2012 who are required to retire due to mandatory retirement and have less than 5 years of service at that time, if they have an amount of eligibility service equal to constitutional mandatory retirement age minus the member's age when the individuals first become members of the System.

Allowance: Same as allowance payable at age 60.

In lieu of a deferred vested allowance pension, a former judge may elect to withdraw accumulated contributions following the judge's termination of service.

9. Cost-of-Living Adjustments (COLA)

Generally, allowances are recalculated each time the salary for a sitting judge from the Court from which the judge retired increases.

NOTE: Magistrates who retire from the Judges' Retirement System receive COLA allowances equal to the percentage increase in salary provided to judges of the Circuit Court.

10. Optional Forms of Payment

For survivor allowance payable to a member's surviving spouse, children under age 26, or disabled children, see Death Benefits section above. A judge or former judge, who at the time of retirement, does not have a spouse or child under the age of 18 years, may elect one of the following optional forms of payment:

Option 1: Lump-sum equal to excess of present value of basic retirement allowance at date of retirement minus total amount of payments made to date of death excluding any cost of living adjustments for retirees before July 1, 2017.

Option 2: 100% joint and survivor annuity, which pays the retiree's surviving designated beneficiary 100% of the retiree's reduced allowance for the life of the designated beneficiary. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree's spouse or disabled child.

Option 3: 50% joint and survivor annuity, which pays the retiree's surviving designated beneficiary 50% of the retiree's reduced allowance for the life of the designated beneficiary.

Option 4: Lump-sum equal to value of accumulated member contributions minus total portion of monthly payments attributed to member contributions made to date of death, excluding any cost of living adjustments for retirees before July 1, 2017.

Option 5: 100% "pop-up" joint and survivor annuity, which pays the designated beneficiary 100% of the retiree's reduced allowance after the retiree's death or returns the retiree's benefit to the unreduced basic allowance if beneficiary predeceases retiree. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree's spouse or disabled child.

Option 6: 50% "pop-up" joint and survivor annuity, which pays the designated beneficiary 50% of the retiree's reduced allowance after the retiree's death or returns the retiree's benefit to the unreduced basic allowance if beneficiary predeceases retiree.

A retiree who has elected one of these optional forms of allowance may not change the designated beneficiary.

Law Enforcement Officers' Pension System

A COMPOSITE PICTURE

	2025	2024
Total Membership		
Active Vested	1,477	1,469
Active Non-Vested	1,510	1,524
Vested Former Members	306	309
Retired Members	2,723	2,608
Active Members		
Number	2,987	2,993
Average Age	40.9	40.8
Average Years of Service	10.6	10.4
Average Annual Salary	$ 93,586	$ 89,347
Retirees & Beneficiaries		
Number	2,723	2,608
Average Age	64.0	63.6
Average Monthly Benefit	$ 3,489	$ 3,396

A. PENSION PROVISIONS

1. Membership

Membership generally is a condition of employment for all law enforcement officers who are employees of the State as provided in SPP § 26-201, or whose employers are participating governmental units who elect to have their law enforcement officers or firefighters/paramedics participate in the Law Enforcement Officers' Pension System.

2. Member Contributions

Members are required to contribute 7% of earnable compensation. Beginning July1, 2020, no member contributions are required after 32 years and six months of service.

Contributions earn interest at 5% per year, compounded annually, until retirement, withdrawal of accumulated contributions, death, or the end of membership for former members who are not entitled to receive a vested allowance.

3. Normal Retirement Age

Normal retirement age is age 50.

4. Normal Service Retirement Allowance

Eligibility: 25 years of eligibility service or attainment of age 50.

Allowance: For individuals who became members on or before June 30, 2011, 2.0% of average final compensation for the three highest consecutive years as a member. For individuals who became members on or after July 1, 2011, 2.0% of average compensation for the five highest consecutive years as a member. For members who retired before July 1, 2018, the maximum benefit was 60% of average final compensation. For members who retire on or after July 1, 2018, the maximum benefit is 65% of average final compensation.

5. Early Retirement Allowance

Not applicable to the Law Enforcement Officers' Retirement System.

6. Disability Retirement Allowance Ordinary

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is incapacitated for the performance of duty, and that incapacity is likely to be permanent.

Allowance: Service retirement allowance computed on the basis that service continues until age 50 without any change in rate of earnable compensation. If disability occurs after age 50, the benefit is based on creditable service at time of retirement.

Accidental
Eligibility: Total and permanent incapacity for duty as certified by the medical board arising out of or in the course of the actual performance of duty, without willful negligence.

Allowance: The benefit is 66.7% of average final compensation plus an annuity provided by accumulated member contributions. The maximum benefit cannot be greater than the average final compensation.

7. Death Benefits

Normal Death Benefit – Return of Accumulated Contributions
Eligibility: Death while employed as a member and less than one year of eligibility service. A normal death benefit may not be paid if a special death benefit is paid for that death.

Benefit: Lump sum payment of member's accumulated member contributions to the member's designated beneficiary or, if there is no designated beneficiary, to the member's estate.

Normal Death Benefit – Return of Accumulated Contributions and Annual Earnable Compensation
Eligibility: Death while employed as a member and at least one year of eligibility service. A normal death benefit may not be paid if a special death benefit is paid for that death.

Benefit: Lump sum payment of member's accumulated member contributions and an amount equal to the member's annual earnable compensation at the time of death to the member's designated beneficiary or, if there is no designated beneficiary, to the member's estate.

Special Death Benefit For Death While Employed And Not In Performance Of Duty
Eligibility: Death while employed as a member, without the member's willful negligence, and not in the performance of duty. The member is survived by a spouse, a child under the age of 26, a disabled child, or a dependent parent.

Benefit: Accumulated member contributions plus an allowance equal to 50% of the ordinary disability allowance the member would have received at the time of the member's death.

Beneficiary: Payment of the member's accumulated member contributions shall be paid to the member's designated beneficiary, or otherwise to the member's estate. An allowance equal to 50% of the ordinary disability allowance the member would have received at the time of the member's death shall be made to the surviving spouse; however, if there is no surviving spouse or spouse dies before youngest child reaches age 26, 50% of average final compensation continues prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. If the child is disabled, the benefit will continue as long as the child remains disabled, regardless of age. In cases where a deceased member is not survived by a spouse or children, payment is made to dependent parents. If none of the above conditions is met, the normal death benefit is paid to the designated beneficiary.

Special Death Benefit For Death In The Performance Of Duty

Eligibility: Death while employed as a member, without the member's willful negligence, and not in the performance of duty. The member is survived by a spouse, a child under the age of 26, a disabled child, or a dependent parent.

Benefit: Accumulated member contributions plus an allowance equal to 66.67% of the member's average final compensation.

Beneficiary: Payment of the member's accumulated member contributions shall be paid to the member's designated beneficiary, or otherwise to the member's estate. An allowance equal to 66.67% of the member's average final compensation be made to the surviving spouse; however, if there is no surviving spouse or spouse dies before youngest child reaches age 26, 66.67% of average final compensation continues prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. If the child is disabled, the benefit will continue as long as the child remains disabled, regardless of age. In cases where a deceased member is not survived by a spouse or children, payment is made to dependent parents. If none of the above conditions is met, the normal death benefit is paid to the designated beneficiary.

Waiver of Special Death Benefit

Before the payment of any special death benefit is made under this section, if all individuals eligible for a special death benefit elect to waive the payment of the special death benefit, a normal death benefit is paid to the member's designated beneficiary, or otherwise to the member's estate.

Death Benefit For Vested Former Member

If a member is not active, but is eligible for a vested allowance, the member's designated beneficiary or estate is eligible to receive only accumulated member contributions at time of death.

8. Vested Allowance

Eligibility: For individuals who are members on or before June 30, 2011, five years of eligibility service. For individuals who become members on or after July 1, 2011, 10 years of eligibility service.

Allowance: Accrued retirement allowance payable at age 50 if the member does not withdraw the member's accumulated member contributions.

9. Cost-of-Living Adjustments (COLA)

Retirement allowances may be adjusted each year based on the Consumer Price Index (CPI). Any COLAs are effective July 1, for allowances which have been in payment for one year. Effective July 1, 2000, for an allowance based on creditable service earned before July 1, 2011, the adjustment is capped at a maximum 3% compounded and is applied to all allowances which have been in payment for one year.

For an allowance based on creditable service earned on or after July 1, 2011, the COLA adjustment is capped at 2.5% if, for the calendar year ending December 31 in the previous fiscal year, the several systems' total investment performance was greater than or equal to the assumed rate of investment return established by the Board of Trustees and in effect as of December 31 of the preceding fiscal year. The adjustment is capped at 1% if, for the calendar year ending December 31 in the previous fiscal year, the several systems' total investment performance was less than the assumed rate of investment return established by the Board of Trustees and in effect as of December 31 of the preceding fiscal year.

In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

10. Optional Forms of Payment

If, at the time of death, the retiree is married, the retiree's spouse is entitled to receive a survivor benefit consisting of 50% of the retiree's basic allowance. If there is no surviving spouse or upon the death of the surviving spouse, payment of the survivor benefit is divided equally among any children of the deceased retiree under the age of 26 years, until each child dies or becomes age 26. If the child is disabled, the benefit will continue as long as the child remains disabled, regardless of age. If there is no spouse at time of retirement, member may select an optional allowance.

Option 1: Lump-sum refund equal to excess of present value of basic retirement allowance at date of retirement minus total amount of payments made to date of death excluding any cost of living adjustments for retirees before July 1, 2017.

Option 2: 100% joint and survivor annuity, which pays the retiree's surviving designated beneficiary 100% of the retiree's reduced allowance for the life of the designated beneficiary. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree's spouse or disabled child.

Option 3: 50% joint and survivor annuity, which pays the retiree's surviving designated beneficiary 50% of the retiree's reduced allowance for the life of the designated beneficiary.

Option 4: Lump-sum refund equal to value of accumulated member contributions minus total portion of monthly payments attributed to member contributions made to date of death, excluding any cost of living adjustments for retirees before July 1, 2017.

Option 5: 100% "pop-up" joint and survivor annuity, which pays the designated beneficiary 100% of the retiree's reduced allowance after the retiree's death or returns the retiree's benefit to the unreduced basic allowance if beneficiary predeceases retiree. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree's spouse or disabled child.

Option 6: 50% "pop-up" joint and survivor annuity, which pays the designated beneficiary 50% of the retiree's reduced allowance after the retiree's death or returns the retiree's benefit to the unreduced basic allowance if beneficiary predeceases retiree.

Retirees who have selected Options 2, 3, 5, or 6 and change their designated beneficiary after they retire, will have their retirement allowance re-calculated to reflect the age of the new designated beneficiary. Retirees who elect to change their beneficiary under Options 2, 3, 5, and 6 may rescind their request to change their designated beneficiary before the second monthly allowance is paid. Retirees who rescind the change of beneficiary will have their benefit payment amount for the next payment restored to the amount paid before the change in beneficiary was made.

11. Reduction for Benefits Payable under Workers' Compensation

Disability retirement allowances, excluding annuity reserves, are reduced for workers' compensation benefits paid or payable after retirement from injury occurring during employment by the State if the workers' compensation benefits are for the same injury for which disability retirement was granted and are paid or payable for the same period of time for which the retirement benefits are paid. Law Enforcement Officers' Pension System retirees receiving an accidental disability payment are subject to an offset if they are getting a workers' compensation payment for the same injury or illness, subject to specified limits. Offsets do not include any calculation of cost-of-living benefits that are paid on the original benefit amount. Conversely, workers' compensation payments are subject to an offset by the Workers' Compensation Commission if a recipient is receiving an ordinary disability payment from the Law Enforcement Officers' Pension System for the same injury or illness. Any offset taken for an accidental disability from the Law Enforcement Officers' Pension System will be adjusted if the retiree was originally awarded an ordinary disability retirement benefit that was later converted to an accidental disability benefit. The adjusted offset shall reflect any offset awarded to the retiree's employer by the Workers' Compensation Commission.

12. Deferred Retirement Option Plan (DROP)

Eligibility: Members are eligible to participate in the DROP if they have at least 25 and less than 32 years of creditable service.

Participation: An eligible member may participate in the DROP for the lesser of 7 years, the difference between 32 years and the member's creditable service, or a term selected by the member. Participation also ends if the participant dies, is terminated from employment, accepts an accidental disability retirement allowance, or submits a binding letter of resignation or notice of intent to terminate employment. Members who participate in the DROP are retired and cease making member contributions, and cease accruing service credit and additional benefits.

Allowance: For members who entered the DROP on or before June 30, 2011, the service retirement allowance, with annual COLAs, is credited to an account earning interest at the rate of 6% per year, compounded monthly. For members who enter DROP on or after July 1, 2011, the service retirement allowance, with annual COLAs, is credited to an account earning interest at the rate of 4% per year, compounded annually. When the DROP period ends, members terminate employment and begin receiving their monthly allowance plus the lump sum payment from their DROP account. During the DROP period, members remain eligible for accidental disability benefits if incapacitated while in DROP.

B. Members Transferring from the Employees' Retirement System *(1)*

1. Membership

The retirement tier was closed to new participants effective January 1, 2005.

2. Member Contributions

Members who transferred from Employees' Retirement System (Plan A) are required to contribute 7% of earnable compensation. Members who transferred from the Employees' Retirement System (Plan B) contribute 5% of earnable compensation.

Contributions earn interest at 4% per year, compounded annually, until retirement, withdrawal of accumulated contributions, death, or the end of membership for former members who are not entitled to receive a vested allowance.

3. Normal Retirement Age

Normal retirement age is age 50.

4. Normal Service Retirement Allowance

Eligibility: 25 years of eligibility service or attainment of age 50.

Allowance: 2.3% of average final compensation for the three highest years as a member for each of the first 30 years of creditable service, plus 1.0% of average final compensation for each additional year.

5. Early Retirement Allowance

Not applicable to this System.

6. Disability Retirement Allowance

Ordinary
Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is incapacitated for the performance of duty, and that incapacity is likely to be permanent.

Allowance: The greater of normal service retirement allowance or 25% of average final compensation.

Accidental
Eligibility: Total and permanent incapacity for duty as certified by the medical board arising out of or in the course of the actual performance of duty, without willful negligence.

Allowance: The benefit is 66.7% of average final compensation plus an annuity that is the actuarial equivalent of accumulated contributions. The maximum benefit cannot be greater than the average final compensation.

(1) This section B outlines the provisions applicable to members of LEOPS who transferred from the Employees' Retirement System before January 1, 2005 and were subject to Selection A or Selection B and did not elect to participate in the contributory law enforcement officers' modified benefit.

7. Death Benefits

Normal Death Benefit – Return of Accumulated Contributions
Eligibility: Death while employed as a member and less than one year of eligibility service. A normal death benefit may not be paid if a special death benefit is paid for that death.

Benefit: Lump sum payment of member's accumulated member contributions to the member's designated beneficiary or, if there is no designated beneficiary, to the member's estate.

Normal Death Benefit – Return of Accumulated Contributions and Annual Earnable Compensation
Eligibility: Death while employed as a member and at least one year of eligibility service. A normal death benefit may not be paid if a special death benefit is paid for that death.

Benefit: Lump sum payment of member's accumulated member contributions and an amount equal to the member's annual earnable compensation at the time of death to the member's designated beneficiary or, if there is no designated beneficiary, to the member's estate.

Special Death Benefit For Death While Employed And Not In Performance Of Duty
Eligibility: Death while employed as a member, without the member's willful negligence, and not in the performance of duty. The member is survived by a spouse, a child under the age of 26, a disabled child, or a dependent parent.

Benefit: Accumulated member contributions plus an allowance equal to 50% of the ordinary disability allowance the member would have received at the time of the member's death.

Beneficiary: Payment of the member's accumulated member contributions shall be paid to the member's designated beneficiary, or otherwise to the member's estate. An allowance equal to 50% of the ordinary disability allowance the member would have received at the time of the member's death shall be made to the surviving spouse; however, if there is no surviving spouse or spouse dies before youngest child reaches age 26, 50% of average final compensation continues prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. If the child is disabled, the benefit will continue as long as the child remains disabled, regardless of age. In cases where a deceased member is not survived by a spouse or children, payment is made to dependent parents. If none of the above conditions is met, the normal death benefit is paid to the designated beneficiary.

Special Death Benefit For Death In The Performance Of Duty
Eligibility: Death while employed as a member, without the member's willful negligence, and not in the performance of duty. The member is survived by a spouse, a child under the age of 26, a disabled child, or a dependent parent.

Benefit: Accumulated member contributions paid plus an allowance equal to 66.67% of the member's average final compensation.

Beneficiary: Payment of the member's accumulated member contributions shall be paid to the member's designated beneficiary, or otherwise to the member's estate. An allowance equal to 66.67% of the member's average final compensation be made to the surviving spouse; however, if there is no surviving spouse or spouse dies before youngest child reaches age 26, 66.67% of average final compensation continues prorated equally among the eligible children. A child is eligible for a prorated share of the annuity until reaching age 26. If the child is disabled, the benefit will continue as long as the child remains disabled, regardless of age. In cases where a deceased member is not survived by a spouse or children, payment is made to dependent parents. If none of the above conditions is met, the normal death benefit is paid to the designated beneficiary.

Waiver of Special Death Benefit
Before the payment of any special death benefit is made under this section, if all individuals eligible for a special death benefit elect to waive the payment of the special death benefit, a normal death benefit is paid to the member's designated beneficiary, or otherwise to the member's estate.

Death Benefit For Vested Former Member
If a member is not active, but is eligible for a vested allowance, the member's designated beneficiary or estate is eligible to receive only accumulated member contributions at time of death.

8. Vested Allowance

Eligibility: Five years of eligibility service and separation from employment other than by death or retirement.

Allowance: Service retirement allowance payable at normal retirement age if the member does not withdraw the member's accumulated member contributions.

9. Cost-of-Living Adjustments (COLA)

Retirement allowances may be adjusted each year based on the Consumer Price Index (CPI). Any COLAs are effective July 1, for all allowances which have been in payment for one year.

For an allowance for members that elected Selection A (contributing 7% of earnable compensation), uncapped COLA is compounded annually. For an allowance for members that elected Selection B (contributing 5% of earnable compensation), the COLA is capped at a maximum 5% compounded annually.

In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

10. Optional Forms of Payment

If, at the time of death, the retiree is married, the retiree's spouse if entitled to receive a survivor benefit consisting of 50% of the retiree's basic allowance. If there is no surviving spouse or upon the death of the surviving spouse, payment of the survivor benefit is divided equally among any children of the deceased retiree under the age of 26 years, until each child dies or becomes age 26. If the child is disabled, the benefit will continue as long as the child remains disabled, regardless of age. If there is no spouse at time of retirement, member may select an optional allowance.

Option 1: Lump-sum refund equal to excess of present value of basic retirement allowance at date of retirement minus total amount of payments made to date of death excluding any cost of living adjustments for retirees before July 1, 2017.

Option 2: 100% joint and survivor annuity, which pays the retiree's surviving designated beneficiary 100% of the retiree's reduced allowance for the life of the designated beneficiary. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree's spouse or disabled child.

Option 3: 50% joint and survivor annuity, which pays the retiree's surviving designated beneficiary 50% of the retiree's reduced allowance for the life of the designated beneficiary.

Option 4: Lump-sum refund equal to value of accumulated member contributions minus total portion of monthly payments attributed to member contributions made to date of death, excluding any cost of living adjustments for retirees before July 1, 2017.

Option 5: 100% "pop-up" joint and survivor annuity, which pays the designated beneficiary 100% of the retiree's reduced allowance after the retiree's death or returns the retiree's benefit to the unreduced basic allowance if beneficiary predeceases retiree. The designated beneficiary cannot be more than 10 years younger than the retiree unless the beneficiary is the retiree's spouse or disabled child.

Option 6: 50% "pop-up" joint and survivor annuity, which pays the designated beneficiary 50% of the retiree's reduced allowance after the retiree's death or returns the retiree's benefit to the unreduced basic allowance if beneficiary predeceases retiree.

Retirees who have selected Options 2, 3, 5, or 6 and change their designated beneficiary after they retire, will have their retirement allowance re-calculated to reflect the age of the new designated beneficiary. Retirees who elect to change their beneficiary under Options 2, 3, 5, and 6 may rescind their request to change their designated beneficiary before the second monthly allowance is paid. Retirees who rescind the change of beneficiary will have their benefit payment amount for the next payment restored to the amount paid before the change in beneficiary was made.

11. Reduction for Benefits Payable under Workers' Compensation

Disability retirement allowances, excluding annuity reserves, are reduced for workers' compensation benefits paid or payable after retirement from injury occurring during employment by the State if the workers' compensation benefits are for the same injury for which disability retirement was granted and are paid or payable for the same period of time for which the retirement benefits are paid. Law Enforcement Officers' Pension System retirees receiving an accidental disability payment are subject to an offset if they are getting a workers' compensation payment for the same injury or illness, subject to specified limits. Offsets do not include any calculation of cost-of-living benefits that are paid on the original benefit amount. Conversely, workers' compensation payments are subject to an offset by the Workers' Compensation Commission if a recipient is receiving an ordinary disability payment from the Law Enforcement Officers' Pension System for the same injury or illness. Any offset taken for an accidental disability from the Law Enforcement Officers' Pension System will be adjusted if the retiree was originally awarded an ordinary disability retirement benefit that was later converted to an accidental disability benefit. The adjusted offset shall reflect any offset awarded to the retiree's employer by the Workers' Compensation Commission.

12. Deferred Retirement Option Program (DROP)

Eligibility: Members are eligible to participate in the DROP if they have at least 25 and less than 32 years of creditable service.

Participation: An eligible member may participate in the DROP for the lesser of 7 years, the difference between 32 years and the member's creditable service, or a term selected by the member. Participation also ends if the participant dies, is terminated from employment, accepts an accidental disability retirement allowance, or submits a binding letter of resignation or notice of intent to terminate employment. Members who participate in the DROP are retired and cease making member contributions, and cease accruing service credit and additional benefits.

Allowance: For members who entered the DROP on or before June 30, 2011, the service retirement allowance, with annual COLAs, is credited to an account earning interest at the rate of 6% per year, compounded monthly. For members who enter DROP on or after July 1, 2011, the service retirement allowance, with annual COLAs, is credited to an account earning interest at the rate of 4% per year, compounded annually. When the DROP period ends, members terminate employment and begin receiving their monthly allowance plus the lump sum payment from their DROP account. During the DROP period, members remain eligible for Accidental Disability benefits if incapacitated while in DROP.


SRRS