

# THE Mentor

News from the Maryland State Retirement and Pension System

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MARYLAND  
STATE RETIREMENT  
and PENSION SYSTEM



## Chief Investment Officer taking a new position

*Fund increased \$10B during her tenure*

**A. MELISSA MOYE, PH.D. WILL BE LEAVING** the Maryland State Retirement and Pension System as Chief Investment Officer (CIO) later this month. She will be taking a position as Senior Policy Advisor focused on public sector pensions with the newly-created Office of State and Local Finance at the U.S. Treasury Department in Washington, DC.

"It has been an honor to serve as Chief Investment Officer over

*See CIO, page 5*



*See page 2*

## System investment return tops 14% for fiscal year 2014

**THE INVESTMENT PORTFOLIO** of the Maryland State Retirement and Pension System returned 14.37 percent—net of investment manager fees—on investments for the fiscal year ending June 30, 2014.

This return exceeded the fund's 7.7 percent actuarial target return.

The performance also exceeded the market benchmark for the total fund of 14.16%. The performance raised the assets of the System to \$45.4 billion—a total gain of more than \$5 billion for the year.

*See Return, page 6*

## Major Morris L. Krome concludes 16 years on Board of Trustees

**THE LONGEST CURRENTLY SERVING MEMBER** of the Maryland State Retirement and Pension System (SRPS) Board of Trustees retired in July after 16 years of dedicated service to retirees and members of the system.

"I thoroughly enjoyed it," said Major Morris L. Krome, who served four elected terms on the panel which oversees the management of the Maryland State Retirement Agency and the allocation of the System's \$44 billion investment fund. "In the good times and the difficult times I was able to contribute."



*Trustee Morris L. Krome received a resolution from the System's Board of Trustees thanking him for his service to System stakeholders. Pictured with Major Krome is Maryland Treasurer Nancy K. Kopp, Board chairman. Trustee Richard E. Norman was chosen by Maryland State Troopers to succeed Major Krome on the Board.*

*See Krome, page 4*

*How much money\* will I receive when I retire?*

*Who are my designated beneficiaries?*

*If something happens to me during employment, will my beneficiary receive a check?*

*What is my PIN?*

## Answers to these questions and more are included in your annual benefits statement

**A VALUABLE TOOL FOR RETIREMENT PLANNING** will arrive in your mailbox this fall.

Your Personal Statement of Benefits (PSB) provides an up-to-date summary of your retirement account, including your years and months of service and contributions paid. Your PSB also includes projections of future retirement benefits available to you when you become eligible.

As an active member of the Maryland State Retirement and Pension System, you receive a PSB by mail to your home. The information contained in this year's PSB reflects your account status as of June 30, 2014.

Statements will not be issued for members who have failed to submit enrollment forms or for those members not on payroll on June 30.

Answers to frequently asked questions about the PSB are provided here.

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

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

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

**A.** Most employees' enrollment date is the first day of the month they started working. A later date may appear if you began work prior to the mid-1970's. Processing requirements at that time caused a one or two month delay between a member's first day on the job and the start of

retirement contributions from the member's paycheck. In many cases, the service has been corrected in your account.

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

**A.** When sufficient retirement deductions are not made, the word "deficiency" appears. The deficiency equals the amount of the missing contribution, plus interest applied at the end of each fiscal year.

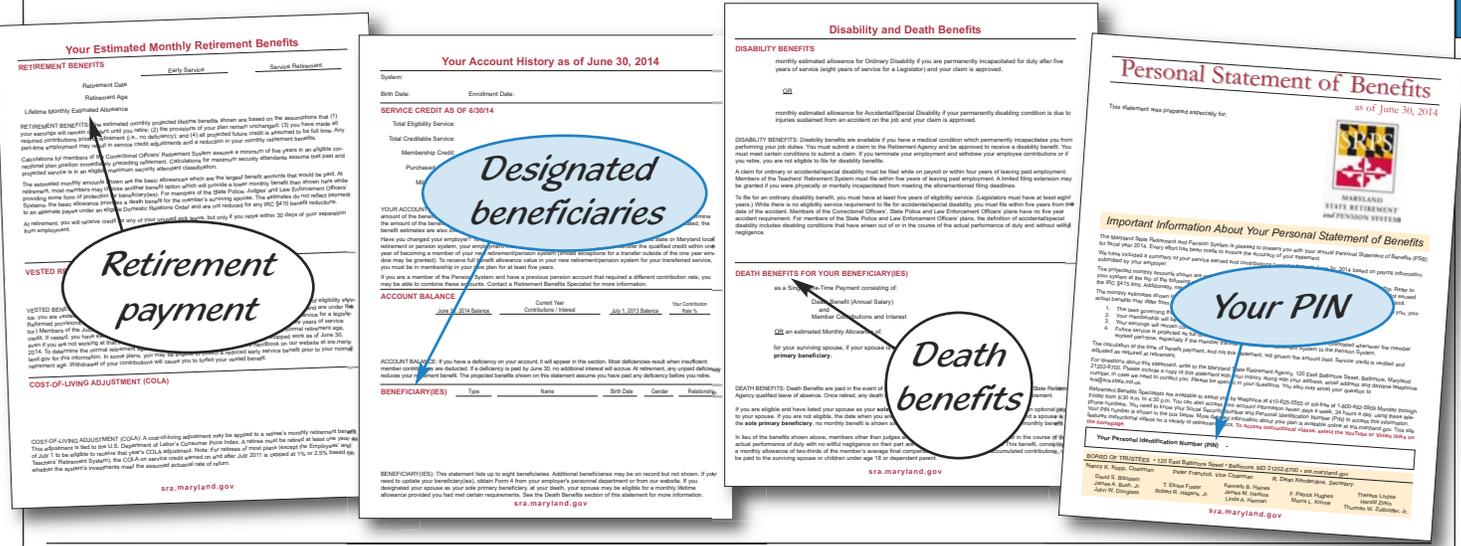
To repay a contribution deficiency, contact the retirement agency and request to be billed for this amount. Payment made before the end of the fiscal year carries no interest for that year. If a contribution deficiency exists when you retire, the benefit paid will be actuarially reduced.

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

**A.** To change beneficiaries, contact your personnel office or go to the retirement agency website at [sra.maryland.gov](http://sra.maryland.gov) and obtain Form 4, *Designation of Beneficiary*. Submit the completed form to the Retirement Agency. It is vital to keep beneficiary choices up to date, because when a member dies during active membership, survivor benefits are paid to the most-recently designated beneficiary(ies) on file with the Maryland State Retirement Agency.

*See Answers, page 3*

\* The PSB is not a substitute for an official estimate. Members may request an official estimate within one year of their intended retirement date by submitting an *Application for an Estimate of Service Retirement Allowance*, available online.



Answers, from page 2

**Q.** Where should I file an updated Form 4, Designation of Beneficiary?

**A.** To ensure your changes are made in a timely manner, especially in time-sensitive situations such as a member's terminal illness, file your Form 4 directly to the Retirement Agency.

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

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

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

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

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

**A.** Your PIN is printed at the bottom of page one of your PSB. Generally, this number is a four digit code consisting of the month and year of your enrollment. For example, if you enrolled in August 2011, your PIN would be 0811. You can use your PIN and Social Security number to access your retirement account information via the Retirement Agency's automated phone system at any time. See instructions on page 5.

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

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

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

**Q.** I changed my beneficiaries/applied for military credit/changed my address in July but this change isn't reflected on my PSB. Why not?

**A.** Your PSB is a reflection of your account as of June 30. The changes you made after that date will appear on the next PSB.

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

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

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

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

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

**A.** If something on your PSB doesn't seem correct, note the discrepancy, send a photocopy of your statement and indicate how you arrived at your conclusion. Address your correspondence to: Maryland State Retirement and Pension System, 120 East Baltimore Street, Baltimore, Maryland 21202-6700. If you prefer, call a retirement benefits specialist at 410-625-5555 or 1-800-492-5909.

*Krome, from page 1*

"It's been an honor and real pleasure serving on the Board of Trustees with Major Krome over the past years," said Maryland Treasurer Nancy K. Kopp, chairman of the Board of Trustees.

As announced in the Winter *Mentor*, retired Maryland State Trooper Richard E. Norman was nominated by Maryland State Troopers to succeed Major Krome on the Board of Trustees. Trustee Norman's four year term began August 1.

"Mo is truly an inspiration: a voice of reason in difficult times and always steadfast in his dedication to our members and retirees," Treasurer Kopp added. "The Major's historical perspective and passion for doing right have been a steady force guiding us for many years — a model Trustee, he has served our members well. He will be missed, but his influence will be with us for years to come."

First elected to the board in 1998, Trustee Krome represented the interests of Maryland State Police. He lists winning the passage of "a firm, sustainable benefit for spouses on the death of a [State Police] retiree" among his proudest accomplishments on the board. Under current law, the spouse of a deceased retired State Trooper receives 80% of the trooper's monthly retirement allowance for the remainder of the spouse's life.



*Trustee Richard E. Norman will succeed Morris L. Krome on the Board of Trustees*

Major Krome also helped bring to a successful resolution a court case involving an actuarial firm's errors in performing actuarial valuations for the State Police Retirement System and two other SRPS plans over two decades. The case resulted in an approximately \$73 million award to the system.

Major Krome is hopeful the system will continue to progress toward full funding and will be maintained as a defined benefit plan.

"We're really on a good, firm path now," he said.

A biography of Trustee Norman, published previously in *The Mentor*, is available online at [sra.maryland.gov](http://sra.maryland.gov).

## Trustee election slated

**MEMBERS AND RETIREES** of the Maryland State Retirement and Pension System will elect two retiree representatives to the System's Board of Trustees in an election slated for the spring and summer of 2015.

Candidates for these Board seats must be retirees of either the Teachers' Systems or Employees' Systems. The Teachers' Systems include the Teachers' Retirement and Pension Systems. The Employees' Systems include the Correctional Officers' Retirement System, the Employees' Retirement and Pension Systems, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and Police System, and the Law Enforcement Officers' Pension System. The two successful candidates will serve terms in office from August 1, 2015 through July 31, 2019.

Potential candidates must obtain the signatures and dates of birth of 500 persons who are eligible to vote in this election. Official nomination petitions can be obtained September 2 through December 5, 2014 by calling Megan Myers, director of Special Projects, at 410-625-5608 or toll-free 1-800-492-5909. All completed petitions must be returned to the Maryland State Retirement Agency by 4:30 p.m. EST on January 30, 2015.

Both active members and retirees of the respective plans will be eligible to vote. Election materials, including candidate biographies, will be mailed in May 2015 to all eligible voters.

## File retirement forms properly for prompt processing

**MARYLAND STATE RETIREMENT AGENCY FORMS** such as *Designation of Beneficiary* (Form 4), *Statement of Disability* (Form 20) and *Election to Transfer Service* (Form 37) are not effective until they are received in Retirement Agency offices in Baltimore.

A completed form received by your employer, *but not forwarded to the Retirement Agency*, is not valid.

Some Retirement Agency forms also require notarization, as indicated in the form's printed instructions. Forms submitted without proper notarization are not valid and will be returned for completion.

*CIO, from page 1*

the last four years,” said Dr. Moye. “The trust funds are well-positioned for the future, both in terms of asset allocation and operations. I have truly enjoyed working with the System’s dedicated Investment Division staff of investment and accounting professionals.”

The System’s investment program has done well since Dr. Moye took the helm of the Investment Division. The System earned 14.4% in fiscal 2014, which ended June 30, 2014. During her tenure as CIO, the System has earned 8.26% on average over the last three fiscal years—exceeding the system’s 7.70% actuarially required rate of return and the fund’s market benchmark.



*A. Melissa Moye, Ph.D.*

“Although we will miss the excellent leadership she has provided the System’s investment program over the last several years, we are thrilled with the opportunity Dr. Moye will have to apply her wealth of knowledge and experience at the national policy level,” said State Treasurer Nancy K. Kopp, Chairman of the Maryland State Retirement and Pension System Board of Trustees.

Since Dr. Moye’s appointment as CIO nearly four years ago, the fund has grown from \$35 billion to more than \$45 billion, outperforming its policy benchmark for each fiscal year. Dr. Moye led the Investment Division to successfully implement the re-positioning of the portfolio, lowering the volatility profile for the total fund. Additionally, during her tenure the size of the private equity program grew from 3.5% to 7% of the total fund, making substantial and prudent progress toward the long-term allocation target of 10%.

Dr. Moye has worked to improve investment operations management and oversight of the Investment Division, including the addition of a Director of Operations and Senior Compliance Officer. She reorganized the division to promote analyst ownership of recommendations and instituted pay for performance. She also promoted the use of risk budgeting and reporting processes across the total portfolio and added new portfolio monitoring and reports on counterparty risk, liquidity, leverage and alternative scenarios.

The Board of Trustees selected Dr. Moye as the System’s Chief Investment Officer in September 2011 after she had served as acting CIO following the depar-

ture of Mansco Perry, III in October 2010. Prior to assuming the CIO duties, Dr. Moye served as Deputy Treasurer for Financial Policy. She served as a trustee of the System from 2003 to 2007 and during her term was a member of the Investment Committee and chaired the Board’s Corporate Governance Committee.

Robert M. Burd—now serving as Deputy CIO—will serve as the Acting CIO, while the Board begins a nationwide search for Dr. Moye’s replacement. Burd is a Chartered Financial Analyst with a degree in Management Science, Finance from the State University of New York at Geneseo.

“The Board holds Bob in high regard and is very confident in his ability to manage the affairs of the Investment Division during the Board’s search process,” said Treasurer Kopp. “Bob has worked closely with Dr. Moye in leading the entire investment team over the last four years and helped engineer the successes the Investment Division achieved in that time.”

Burd has worked for the Maryland State Retirement Agency since September 2001 when he was first hired as Assistant Director of Externally Managed Investments. He became a Senior Investment Analyst in 2004 and held that position for more than four years before being named Managing Director of Private Markets. He held that position until March 2011, when he was named Deputy Chief Investment Officer by Dr. Moye.

## Benefit estimators available online

**IF YOU’RE MORE THAN A YEAR FROM RETIREMENT**, you can still get an idea of your future retirement benefit by using the Maryland State Retirement Agency’s online benefit estimators.

Log on to the Retirement Agency website at [sra.maryland.gov](http://sra.maryland.gov) and, under the heading **Members**, click on **Estimate your benefit**. Select your system of membership and follow the on-screen instructions to estimate your benefit at retirement.

The online benefit estimators do not determine eligibility for retirement and are provided for illustration purposes only. The estimator’s output is based only on information you provide, and does not include any data contained in Maryland State Retirement and Pension System records.

# Access your account information anytime by phone

## THE MARYLAND STATE RETIREMENT AGENCY'S AUTOMATED TELEPHONE SYSTEM

provides callers with detailed account information at the push of a button.

The convenient system offers members 24-hour access to their retirement account. Simply dial 410-625-5555 or toll-free 1-800-492-5909. After listening to the Agency's hours and latest Agency news, callers may select from the following options:

**1 Hot Topic:** Select 1 on your touch-tone phone to hear a recorded message with timely announcements from the Retirement Agency.

**ABC 2 For retirees and beneficiaries:** Selecting 2 provides information for retirees and beneficiaries who are receiving a monthly payment.

**DEF 3 For current or deferred vested members:** Press 3 to retrieve account information, check your beneficiaries on file and request forms.

**GHI 4 Appointments:** To schedule a meeting with a retirement benefits specialist at the Retirement Agency's Baltimore office, simply press 4.

JKL  
**5**

**Survivor Benefits:** Select 5 to report the death of a member or retiree.

MNO  
**6**

**Dial Direct:** Press 6 if you know the extension of the Retirement Agency staff member with whom you'd like to speak.

To protect your privacy, your personal account information can be ac-

cessed only with your Social Security number and individual PIN (personal identification number). As a member, your four-digit PIN is usually the month and year of your enrollment. For example, if you joined the Maryland State Retirement and Pension System in October of 2011, your PIN would be 1011.

*Return, from page 1*

"We are happy to report preliminary returns for the year that exceed both the fund's market benchmark and the actuarial target rate," said Dr. A. Melissa Moye, chief investment officer. "The strong performance was driven by growth-oriented assets, including public and private equity, with additional value generated from active management."

"The fund's annual returns continue to reflect the strong market environment that has prevailed since the end of the credit crisis," said State Treasurer Nancy K. Kopp, chairman of the Maryland State Retirement and Pension System Board of Trustees. "The Board has adopted a balanced and diversified investment program to provide attractive risk-adjusted returns, continuing to meet the objec-

## Asset Allocation

As of June 30, 2014

Public Equity	38.9%
Private Equity	7.0%
Fixed Income	14.8%
Credit	10.0%
Real Return	12.0%
Real Estate	6.8%
Absolute Return	9.4%
Cash	1.1%
Total	100%

tives of the system in the best interests of the plans' beneficiaries."

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120 East Baltimore Street  
Baltimore, MD 21202-6700  
410-625-5555  
1-800-492-5909  
TDD/TTY 410-625-5535  
sra.maryland.gov

**EDITOR:** Benjamin Robb

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