

THE Mentor

News from the Maryland State Retirement and Pension System

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MARYLAND
STATE RETIREMENT
and PENSION SYSTEM



Option, annuity factors changing January 1, 2022

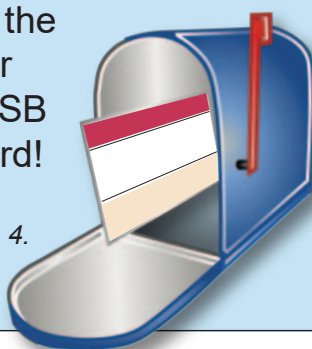
NEW OPTION AND ANNUITY FACTORS will be in place for members of the Maryland State Retirement and Pension System who retire on or after January 1, 2022. Option and annuity factors are used to calculate payments for members who select an optional form of retirement allowance.

What should I do?

If you are eligible to retire before January 1, 2022, and you are considering retirement, you should compare your estimated benefits for retirement dates before and after January 1, 2022. The fastest and easiest way to get a benefit estimate is by using the **mySRPS** secure website (see page 6).

A detailed explanation of the changing factors was featured in the Summer 2021 edition of *The Mentor*. Read it [here](#).

Watch the mail for your PSB postcard!



See page 4.

Pension System earns historic 26.7% during fiscal year 2021

Fund grows more than \$13B to nearly \$68B

THE MARYLAND State Retirement and Pension System portfolio returned a record-setting 26.7%, net of fees, on investments for the fiscal year that ended June 30, 2021. The fiscal year earnings far exceeded the System's 7.40% actuarial **assumed rate of return** and surpassed its policy **benchmark** of 24.41 by 230 **basis points**. The fund's performance raised the System's assets to \$67.9 billion, an increase of \$13.3 billion over the prior fiscal year. (Terms printed in **bold** are defined on page 2.)

The performance of the fund over 10-year, 5-year, 3-year and 1-year periods are all above the 7.4% return assumption at 8.2%, 10.7%, 11.8% and 26.7%, respectively.

"It was an extraordinary year for the performance of System assets, the best in 35 years," said Andrew C. Palmer, Chief Investment Officer. "The attractive investment opportunities provided by the pandemic and subsequent monetary and fiscal policy responses are apparent in the rearview mirror but were not always clear in real time. Fortunately, work-



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

ing with the Board and the investment staff, the System was able to fully participate in the very strong returns available in most markets. Importantly, the System maintained its moderate risk posture and portfolio implementation, resulting in impressive risk-adjusted returns as well."

"The Board of Trustees has carefully designed a well-balanced portfolio of investments to meet its obligations to beneficiaries," said State Treasurer Nancy K. Kopp, Chair of the System's Board of Trustees. "The last two years have demonstrated the overall effective-

See Earnings, page 2

Assumed rate to be reduced

THE BOARD OF TRUSTEES

of the Maryland State Retirement and Pension System voted this summer to lower the fund's actuarial **assumed rate of return** on investments from 7.40% to 6.80% effective July 1, 2022 for fiscal year 2023. The Board based its decision upon an analysis by its **actuary**. (Terms printed in **bold** are defined at right.)

"The Board is committed to improving the strength of our retirement System and sustaining the State's promise of a secure retirement for its members," noted State Treasurer Nancy K. Kopp, Board Chair. "The Board has taken this action in recognition of ongoing changes in the financial markets, even as the System continues to achieve the investment returns required over the long term."

Important terms to know

WHETHER YOU'RE A TEACHER, Trooper or tax assessor, there are special terms you use at work that others may not recognize. The Maryland State Retirement Agency is no different. The following pension terms appear in articles in this issue of *The Mentor*. Review the definitions provided for a better understanding of your plan's operation.

Actuarial Science — Actuarial science assesses financial risks in the insurance and finance fields, using mathematical and statistical methods. Actuaries help insurance and pension administrators forecast the probability of future events to determine the funds needed to pay claims. (Source: Investopedia)

Assumed Rate of Return — This number is the percentage increase the Board of Trustees expects to earn on its investments. With the advice of the System's actuary, the assumed rate of return is set by the Board to ensure the System has enough funding to pay promised future pension benefits.

Basis

Point

Investment performance is reported in terms of meeting, exceeding or lagging the benchmarks by a certain number of basis points. A basis point is 1/100 of 1%.

Benchmark — A standard for comparing an investment portfolio's performance to the market from which the manager selects securities. The S&P 500 and the Barclays Capital Aggregate Bond Index are two commonly used benchmarks.



Earns, from page 1

ness of the Board's investment strategy, preserving value during the volatile market environment resulting from the COVID-19 pandemic and fully participating in the strong growth as economies rebounded. It's important to remember that we are long-term investors who need to balance the liquidity requirements to meet current benefit payments with the objective of generating returns for future benefit payments over an investment horizon that stretches across decades. Over the last 10 years, investment returns have averaged 8.2%, exceeding the plan's expected rate of return and consistent with the Board's investment policy."

Asset Performance for Fiscal Year 2021

Asset Class	Asset Allocation	Return	Benchmark	Excess
Private Equity	17.1%	51.85%	53.13%	-1.28%
Public Equity	35.6%	44.54%	40.52%	4.02%
Real Assets	11.2%	14.81%	16.30%	-1.49%
Absolute Return	8.7%	15.51%	15.72%	-0.21%
Credit	9.2%	14.36%	12.82%	1.53%
Rate Sensitive	15.9%	-2.53%	-3.91%	1.37%
Multi Asset	1.0%	24.11%	24.41%	-0.31%
Cash	1.4%	0.13%	0.08%	0.05%
Total	100.0%	26.69%	24.42%	2.27%

Trustee Craddock elected to second term

TRUSTEE JAMAAL R.A. CRADDOCK, who has served as Employees' Systems representative on the Maryland State Retirement and Pension System Board since 2018, has been re-elected to a second four-year term by members and retirees of the System. Results of the summer election were certified by the Board of Trustees July 20. His new term began August 1.

Trustee Craddock, a member of the Board's Administrative Committee, is a 10-year veteran of the Department of Juvenile Services. He's a member of the Maryland chapter of AFSCME and has represented the organization on retirement matters before the Maryland

General Assembly. Most recently, Mr. Craddock led AF-SCME's effort to bring DJS employees into the Correctional Officers' Retirement System. He holds a bachelor's degree in business management from Morgan State University.

Trustee Craddock defeated challenger Stephanie Peebles in the election.



Trustee Jamaal R.A. Craddock was reelected to the Board of Trustees.

Prince George's official tapped to serve on Board

A GOVERNMENT FINANCE PROFESSIONAL from Prince George's County has been appointed by Governor Lawrence J. Hogan, Jr., to represent the interests of participating governmental units as the newest member of the Board of Trustees of the Maryland State Retirement and Pension System.

Trustee Linda Vaughn Allen assumed the seat previously held by James M. Harkins, who retired from the Board after 14 years of dedicated service.

Trustee Allen is Deputy Director of the Office of Finance for Prince George's County, where she has served in various capacities for 16 years. Ms. Allen was Treasurer from 2010 to 2018 and Cash and Investments

Manager from 2005 to 2010. Prior to joining Prince George's County, Ms. Allen served as Corporate Cash Manager for ManorCare Health Services, a long-term healthcare organization.

Trustee Allen attended Howard University and holds an MBA from the University of Maryland's Robert H. Smith School of Business.



Trustee Linda Vaughn Allen is a gubernatorial appointee to the Board.

Nominations for State Trooper rep now open

ACTIVE AND RETIRED members of the Maryland State Police Retirement System who wish to represent their fellow Troopers on the Board of Trustees may obtain nomination petitions by emailing elections@sra.state.md.us.

Qualified nominees for the Maryland State Retirement and Pension System Board will compete in an election next spring, with the successful candidate taking office

August 1, 2022. Current State Police representative Richard E. Norman was first elected to the Board in 2014.

A Trustee's duties are substantial. The Board of Trustees:

- Oversees the management of the Maryland State Retirement Agency,
- Establishes investment policy for a \$66.8 billion pension fund and

- Ensures accurate and timely payment of retirement benefits for more than 167,000 retirees and beneficiaries.

Established in 1949, the Maryland State Police Retirement System included 1,391 active members and 2,517 retirees as of June 30, 2020. Among active members, the average age was 36.5 and average years of service was 12.3.

Plan for retirement with your annual statement

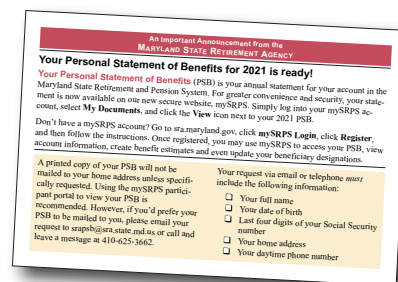
WATCH YOUR MAIL in September for an important postcard from the Maryland State Retirement Agency. Then, follow the instructions to access your annual Personal Statement of Benefits. This useful statement includes a wealth of information about your pension account including your:

- Earned years and months of service credit,
- Balance of member contributions and interest,
- Current beneficiary designations and, most importantly,
- Your estimated future retirement benefits and estimated retirement eligibility date.

Available on the Maryland State Retirement Agency's new secure website, **mySRPS**, your PSB will

be accessible only by you. Simply log into your **mySRPS** account, select **My Documents**, and click the **View** icon next to your 2021 PSB.

Please remember that your PSB shows a snapshot of your account as of June 30, 2021. Any account changes that have occurred or that you requested after June 30, 2021 will not be reflected on your PSB.



When you receive this postcard in the mail, your Personal Statement of Benefits is ready.

Frequently asked questions about the PSB

ANSWERS to the questions most frequently asked about the Personal Statement of Benefits are provided here.

Q. Where are my future retirement benefits shown?

A. On page four of your PSB. Remember, the projected amounts shown are estimates only.

Q. Who will be eligible to receive any available benefits at my death?

A. When you die, any available benefits will be payable to your designated beneficiaries. Their names are listed on page two of your PSB. If, after reviewing your PSB, you wish to update your beneficiary designation, there are two ways to make changes.

1) The easiest and fastest way is to log into your **mySRPS** account, select the **Beneficiary Information** link, click on the **Update** button, and then make your changes.

2) You also may complete and submit a *Designation of Beneficiary* (Form 4) to the Retirement Agency.

This form *must* be notarized. Retirement forms are available online at **sra.maryland.gov**.

Q. Why isn't an early service retirement date and amount shown on page three of my PSB?

A. The space under Early Service Retirement is left blank for members

who are projected to reach normal service retirement age *before* earning the years of service credit required for an early service retirement, if applicable. The space under Early Service Retirement

See Questions, page 5

Access your statement with mySRPS

IF YOU DON'T ALREADY HAVE a **mySRPS** account, go to **sra.maryland.gov**, click **mySRPS Login**, click **Register**, and then follow the instructions. Once registered, you may use **mySRPS** to access your PSB, view your account, change beneficiaries and obtain estimates.

Don't own a computer?

A paper PSB will not be mailed to your home address unless requested. To receive a paper PSB, email your request to **srapsb@sra.state.md.us** or call and leave a message at 410-625-3662. Requests may be made on or after September 21, 2021 and must include your:

- Full name
- Date of birth
- Social Security number's last four digits
- Home address
- Daytime telephone number

also will be blank for correctional officers, State Troopers, judges and law enforcement officers as their systems do not offer early retirement.

Q. Why isn't my military credit listed?

A. Military service is not automatically credited to your account. It's up to each eligible member to apply to claim military credit. Eligible members should submit *Claim of Retirement Credit for Military Service* (Form 43). Retirement forms are available online at sra.maryland.gov.

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

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

To repay a contribution deficiency, mail a personal check or money order made payable to the Maryland State Retirement and Pension System to the Maryland State Retirement Agency, 120 East Baltimore Street, Baltimore, MD 21202. Please write "Payment of Deficiency" in the memo line of the check or money order.

You also may rollover funds from another qualified retirement plan to pay your deficiency amount. Contact the Retirement Agency for rollover instructions.

Payment of a deficiency before the end of the current fiscal year carries no interest for that year. If a contribution deficiency exists when you retire, the benefit paid will be actuarially reduced.

Q. As I get closer to retirement, is it recommended that I still get an estimate of retirement allowance even though I have the PSB?

A. Yes. The PSB is not intended to serve as a substitute for an estimate. Your PSB does not describe some options for beneficiary coverage that an estimate includes. You can use **mySRPS** to create an estimate with all options.

If you do not have access to the Internet, and you are within 12 months of retirement, you may submit an *Application for an Estimate of Service Retirement Allowance* (Form 9 for teachers and employees, Form 10 for State Troopers, Form 12 for judges, and Form 97 for members of the Law Enforcement Officers' Pension System) to request an estimate with all the options.

With **mySRPS**, your estimate will appear instantly and you can create an estimate at any point in your career.

Paper applications take four weeks for processing and may be requested only within 12 months of retirement.

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

A. Your PIN is printed at the bottom of page one of your PSB. You can use your PIN and Social Security number to access your retirement account information any time via the Retirement Agency's automated phone system. Upon retirement your PIN as an active member is no longer valid and is replaced with a retiree PIN.

With the introduction of **mySRPS**, members are strongly encouraged to create a **mySRPS** account. The secure **mySRPS** website provides all the information available on the automated phone system plus much more.

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, the PSB may overstate your benefits.

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

A. If something on your PSB doesn't seem correct, please send us your questions in writing. You may fax your request to 410-468-1700, email it to sra@sra.state.md.us, or mail it to the Maryland State Retirement Agency, 120 East Baltimore Street, Baltimore, MD 21202. Please include your mailing address, email address and daytime telephone number in case we need to contact you.

Online services are quick, easy and secure

*Why wait on the phone when **mySRPS** is just a click away?*

WITH MORE THAN 412,000

retirees and active members, phones at the Maryland State Retirement Agency never stop ringing. And while we love to hear from you, we know you don't like to wait on hold. That's why **mySRPS**, the Retirement Agency's secure website, is such a great resource. And, it keeps getting better!

After signing up using our secure process, members can tap **mySRPS** to perform many functions that formerly required a time consuming phone call and paper forms. Users of **mySRPS** can:

- View account information
- Print an asset verification letter for a landlord or lender
- View and update beneficiaries
- Generate benefit estimates instantly
- View and print Personal Statement of Benefits

Signing up for **mySRPS** is easy. Visit sra.maryland.gov and, in the

top right of the webpage, click on **mySRPS Login**. Click **Register** and follow the instructions to receive your registration code and packet by mail.

Don't under estimate the benefits of **mySRPS**

GENERATING a benefit estimate through **mySRPS** can be done at any time. Unlike requesting an estimate using a paper form, there is no need to wait until you are within 12 months of retirement.

With the **mySRPS** estimate app, you can project salary increases and apply credit for unused sick leave. Your benefit estimate is customizable to *your* situation.

An estimate produced through **mySRPS** is the same as an estimate requested using a paper form. Just like the form, **mySRPS** produces an *official* estimate, just much quicker and more conveniently.

Three steps to protect your loved ones now

If you die before retirement, will your family know what to do?

WHILE YOU MAY BE YEARS AWAY from collecting your well-earned pension, the Maryland State Retirement and Pension System provides important protection for your designated beneficiaries right now if you die before retirement.

To help your beneficiaries quickly claim these benefits in the unfortunate event of your death, take these three important steps.

1 Make sure that you keep your beneficiary information current with the Retirement Agency.

Life events like a marriage, divorce, birth, or death of a loved one can

motivate you to change your beneficiary information. Your designated beneficiaries are listed on page two of your Personal Statement of Benefits. Designated beneficiaries cannot be changed after your death.

2 Talk to your loved ones now about survivor benefits from the Retirement Agency.

Let your family or other loved ones know that they should contact the Maryland State Retirement Agency in the event of your death. Or, if you prefer, make sure to include a copy of your Personal Statement of Benefits

with other important paperwork, such as life insurance information and your will, so that they will know to contact the Retirement Agency.

3 Ask your loved ones to contact the Retirement Agency following your death.

Tell your loved ones that, should you die during your career, they should contact the Maryland State Retirement Agency. You can be assured that we will work step-by-step with your beneficiaries to ensure they receive the benefits they are due.

R. Dean Kenderdine concludes career of service

R. DEAN KENDERDINE, who as Executive Director led the Maryland State Retirement Agency through the largest legislative pension reform in System history and the replacement of a decades-old computer mainframe, retired July 1 after 14 years at the Agency's helm.

A lifelong public servant, Mr. Kenderdine previously served in leadership roles at the Office of both the Maryland Governor and Comptroller, the Maryland Department of Business and Economic Development, the Office of U.S. Senator Barbara Mikulski and the Maryland Department of Human Resources.

A Maryland General Assembly resolution presented on the State Senate floor in March congratu-



Trustee David R. Brinkley, Maryland Secretary of Budget and Management, left, presents a citation from Governor Lawrence J. Hogan, Jr., to retiring Maryland State Retirement Agency Executive Director R. Dean Kenderdine. State Treasurer and Board Chair Nancy K. Kopp, center, delivered a Board resolution to Mr. Kenderdine.

lated Mr. Kenderdine on his retirement after "more than 40 years of

dedicated and exemplary service to the State of Maryland."

PENSION PUZZLE PACK

Teachers, government employees and other members of the Maryland State Retirement and Pension System work hard. Take a break, and learn about your pension, solving this crossword puzzle. Key words appear in this edition of *The Mentor*.

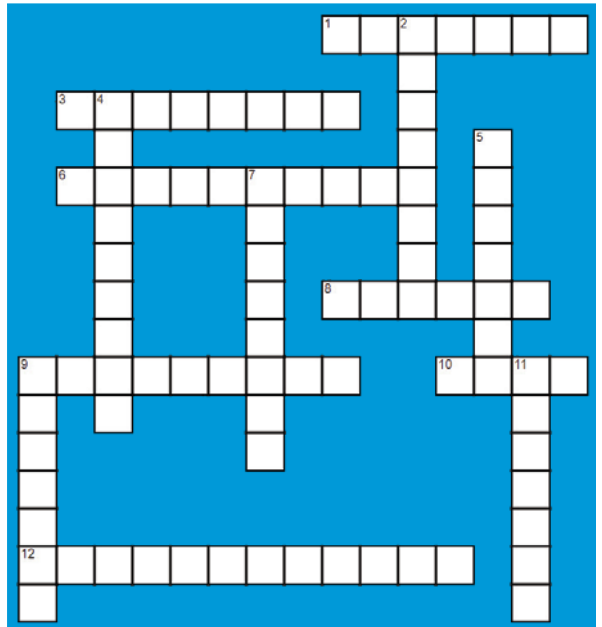
ACROSS

- 1. Predicts risk
- 3. Calculation of future benefit
- 6. 1/100 of 1%
- 8. Secure online pension app
- 9. Investment standard
- 10. State Retirement and Pension System
- 12. These change Jan. 1

DOWN

- 2. Pension plan leaders
- 4. Personal ___ of Benefits
- 5. Trustee election in '22
- 7. PSB notification
- 9. Fund grew by \$13 of these
- 11. Goodbye tension, hello ___

ANSWER KEY	11. pension	8. mySRPS	4. statement
10. SRPS	9D. billion	6. basis point	3. estimate
12. option factor	9A. benchmark	5. trooper	2. trustees



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