



MARYLAND  
STATE RETIREMENT  
*and* PENSION SYSTEM

# Popular Annual Financial Report

**Maryland State Retirement and Pension System**  
A Pension Trust Fund for the State of Maryland  
For the Year Ended June 30, 2023

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2023



Government Finance Officers Association

Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting

Presented to

**Maryland State Retirement and Pension System**

For its Annual Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

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MARYLAND  
STATE RETIREMENT  
*and* PENSION SYSTEM

## 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.
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# A Message from our Executive Director

It is my pleasure to present to you the seventh edition of the Popular Annual Financial Report for the Maryland State Retirement and Pension System. In the following pages, you will find a condensed version of the lengthier—and more technical—Annual Comprehensive Financial Report. The PAFR presents the System’s financial activity for fiscal year 2023 in a concise format. It is a handy resource for anyone who wants to quickly review the status of the retirement fund.



Former state employees, teachers, police, legislators, judges, and local government workers covered by the plans received payments totaling \$4.7 billion in fiscal year 2023. Importantly, \$3.59 billion in pension benefits were paid to retirees and beneficiaries living in Maryland.

To fund these benefits, the System’s investment portfolio generated a return of 3.14%, net of fees, for the fiscal year, beating its policy benchmark of 2.20%. After the payment of benefits, the market value of assets increased by more than \$580 million, from \$64.3 billion on June 30, 2022, to \$64.9 billion on June 30, 2023.

This Popular Annual Financial Report is derived from information contained in the System’s 2023 Annual Comprehensive Financial Report. The PAFR does not contain detailed financial information by plan, nor is it presented in a manner to conform to Generally Accepted Accounting Principles. For a complete set of financial definitions included in this summary report, please refer to the System’s 2023 Annual Comprehensive Financial Report, which is prepared in conformity with GAAP and is available online at [sra.maryland.gov](http://sra.maryland.gov).

I hope you will find this publication useful and informative.

Thank you for your interest,

A handwritten signature in brown ink, appearing to read "Martin Noven".

Martin Noven

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# Members at a glance

Total membership	<b>420,343</b>
Active members	<b>198,647</b>
Benefit recipients	<b>174,609</b>
Inactive members	<b>47,087</b>

Teachers	Retirement System	Pension System
<b>Total Membership</b>		
Active vested	112	60,185
Active non-vested	0	52,476
Vested former members	76	23,626
Retired members	20,960	63,217
<b>Active Members</b>		
Number	112	112,661
Average age	73.1	45.3
Average years of service	47.1	12.0
Average annual salary	\$124,361	\$75,156
<b>Retirees and Beneficiaries</b>		
Number	20,960	63,217
Average age	80.4	72.7
Average monthly benefit	\$4,044	\$2,254

Employees	Retirement System	Pension System
<b>Total Membership</b>		
Active vested	4,830	33,206
Active non-vested	3,294	39,851
Vested former members	753	22,215
Retired members	17,994	66,789
<b>Active Members</b>		
Number	8,124	73,057
Average age	46.1	48.6
Average years of service	13.2	10.9
Average annual salary	\$64,165	\$67,828
<b>Retirees and Beneficiaries</b>		
Number	17,994	66,789
Average age	73.6	72.1
Average monthly benefit	\$2,475	\$1,541

## Law Enforcement Officers

### Total Membership

Active vested	1,398
Active non-vested	1,479
Vested former members	313
Retired members	2,512

### Active Members

Number	2,877
Average age	40.7
Average years of service	10.5
Average annual salary	\$84,105

### Retirees and Beneficiaries

Number	2,512
Average age	63.1
Average monthly benefit	\$3,300

## Correctional Officers

### Total Membership

Active vested	4,702
Active non-vested	3,270
Vested former members	636
Retired members	7,023

### Active Members

Number	7,972
Average age	45.1
Average years of service	12.6
Average annual salary	\$64,132

### Retirees and Beneficiaries

Number	7,023
Average age	63.7
Average monthly benefit	\$2,237

## State Police

### Total Membership

Active vested	809
Active non-vested	526
Vested former members	88
Retired members	2,606

### Active Members

Number	1,335
Average age	36.8
Average years of service	12.6
Average annual salary	\$104,522

### Retirees and Beneficiaries

Number	2,606
Average age	66.1
Average monthly benefit	\$5,048

## Judges

### Total Membership

Active vested	220
Active non-vested	106
Vested former members	8
Retired members	468

### Active Members

Number	326
Average age	57.4
Average years of service	8.0
Average annual salary	\$180,049

### Retirees and Beneficiaries

Number	468
Average age	78.1
Average monthly benefit	\$8,143

## Legislators

### Total Membership

Active vested	82
Active non-vested	104
Vested former members	53
Retired members	327

### Active Members

Number	186
Average age	53.1
Average years of service	7.3
Average annual salary	\$54,581

### Retirees and Beneficiaries

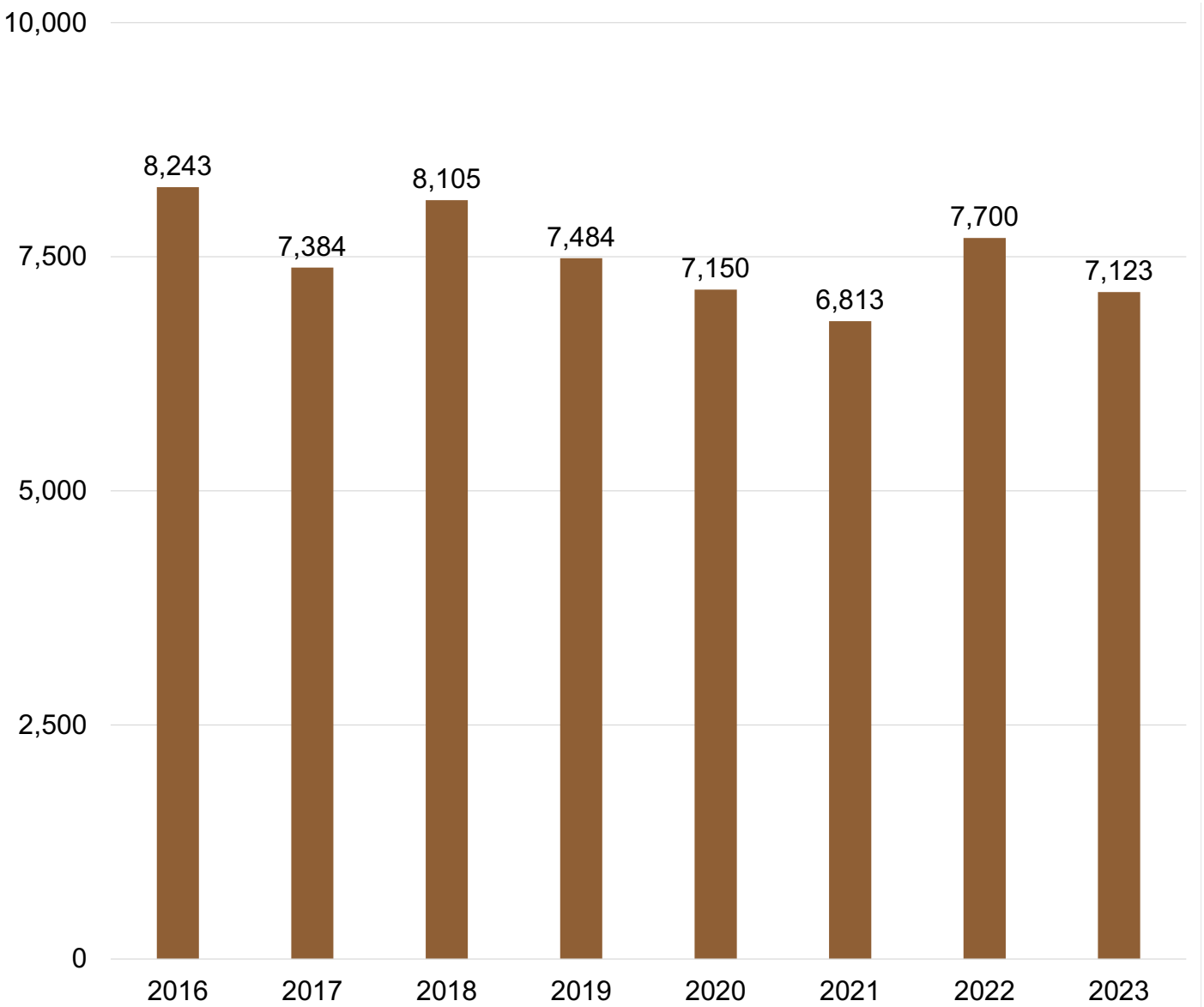
Number	327
Average age	76.5
Average monthly benefit	\$1,594

# Retirees at a glance

## The average SRPS retiree:

- Had accrued 22.8 years of service at retirement
- Earned an average final salary before retirement of \$55,311
- Retired at age 61.1
- Is presently 73.3 years old
- Lives in Maryland
- Receives \$27,501 each year in SRPS benefits

## Number of retirements by fiscal year



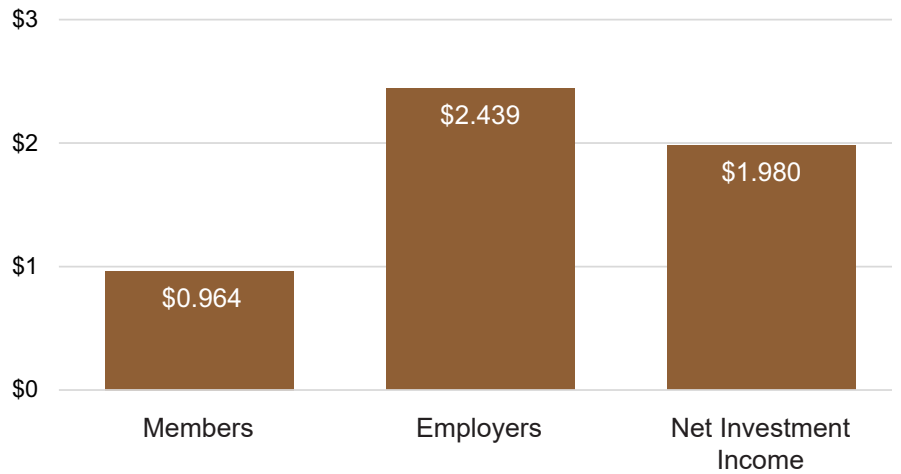


# How benefits are funded

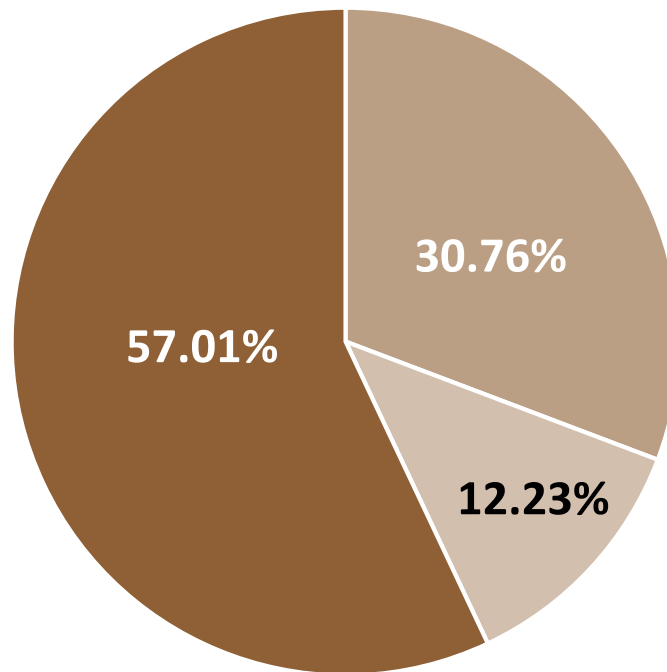
Retirement benefits are funded primarily by investment returns with the remainder coming from a combination of member and employer contributions. Dollar amounts are shown in millions.

The reserves necessary to finance retirement allowances and other benefits are accumulated through **investment earnings** and the collection of **employer and member contributions**.

### Fiscal year 2023 funding by sources



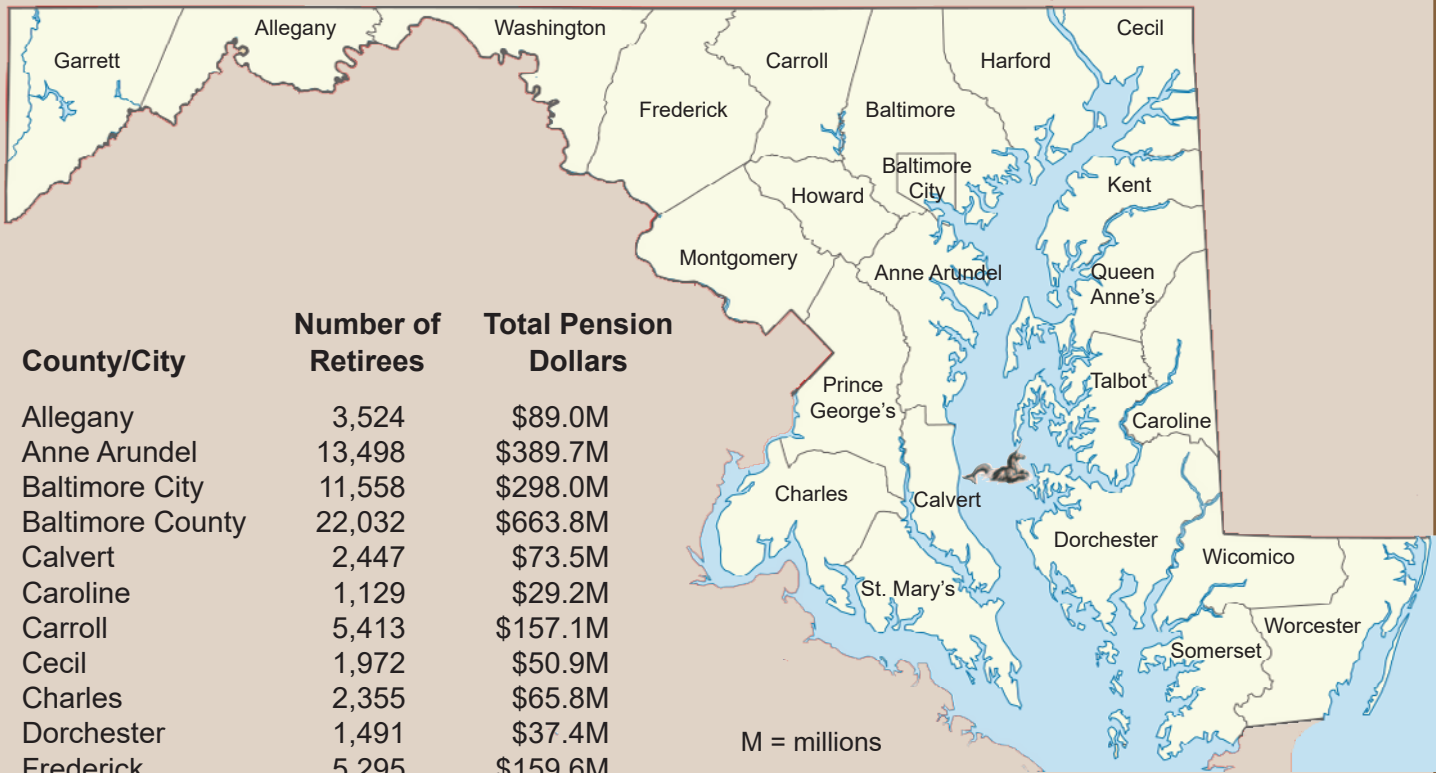
### Twenty-Year Average in Contributions (As of June 30, 2023)



- Employer Contributions
- Member Contributions
- Investment Income

# Local economic impact of Maryland pensions

Nearly **\$3.59 billion** in annual pension payments stay in Maryland.



County/City	Number of Retirees	Total Pension Dollars
Allegany	3,524	\$89.0M
Anne Arundel	13,498	\$389.7M
Baltimore City	11,558	\$298.0M
Baltimore County	22,032	\$663.8M
Calvert	2,447	\$73.5M
Caroline	1,129	\$29.2M
Carroll	5,413	\$157.1M
Cecil	1,972	\$50.9M
Charles	2,355	\$65.8M
Dorchester	1,491	\$37.4M
Frederick	5,295	\$159.6M
Garrett	1,305	\$33.5M
Harford	7,364	\$213.8M
Howard	6,797	\$222.9M
Kent	771	\$21.0M
Montgomery	9,562	\$334.2M
Prince George's	10,909	\$286.0M
Queen Anne's	2,034	\$60.3M
Saint Mary's	2,221	\$58.4M

M = millions

County/City	Number of Retirees	Total Pension Dollars
Somerset	1,254	\$30.0M
Talbot	1,472	\$40.5M
Washington	4,716	\$123.4M
Wicomico	3,558	\$96.6M
Worcester	2,253	\$60.1M

## Where else do retirees live?



Maryland	74.2%
Florida	4.7%
Pennsylvania	3.7%
Virginia	2.6%
Delaware	2.5%
North Carolina	2.3%
South Carolina	1.5%
West Virginia	1.4%

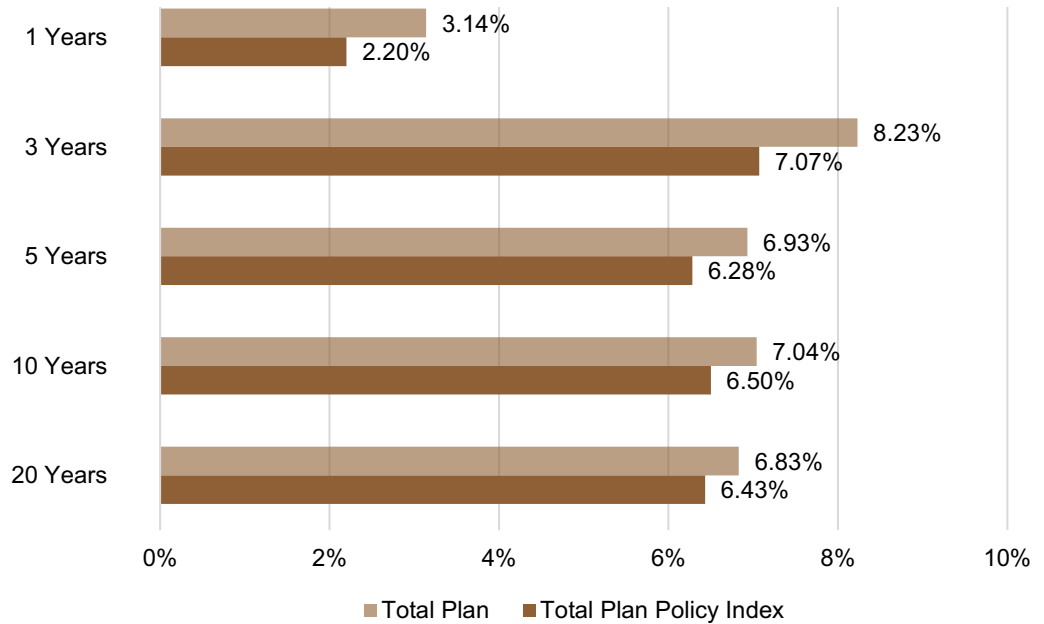
No other state is home to more than 1% of our payees.

# Investments

The System's investment portfolio generated a return of 3.14%, net of fees, for the fiscal year ending June 30, 2023. This return beat the 2.20% policy benchmark.

## Portfolio Return and Benchmarks

(all based on end of fiscal year, June 30)



# Where are plan assets invested?

## Asset Allocation

	Target	June 30, 2023
Growth Equity	50% (+/-7%)	52.0%
Rate Sensitive	21% (+/-5%)	17.2%
Credit	8% (+/-4%)	8.7%
Real Assets	15% (+/-4%)	15.4%
Absolute Return	6% (+/-4%)	5.9%
Multi Asset	0% (0%)	0.4%
Cash	0%	0.4%

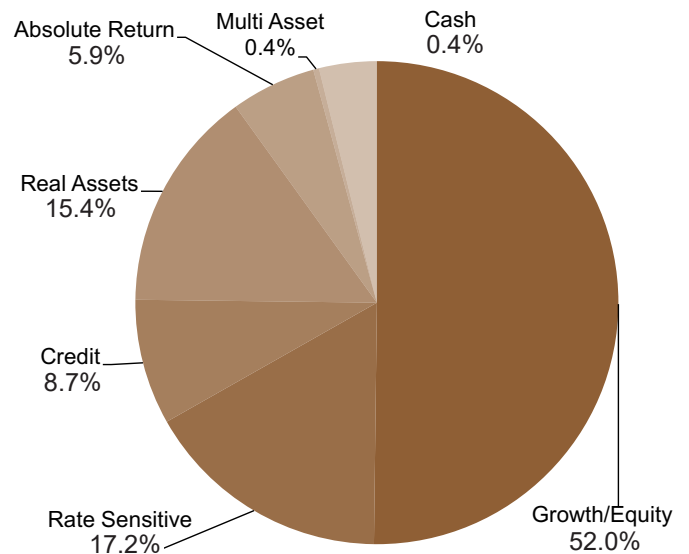
**GROWTH/EQUITY** includes U.S. Equity, International Developed Markets Equity, International Emerging Markets Equity, and Private Equity.

**RATE SENSITIVE** includes Long-Term Government Bonds, Securitized & Corporate Bonds, and Inflation-Linked Bonds.

**CREDIT** includes High Yield Bonds & Bank Loans and Emerging Markets Debt.

**REAL ASSETS** includes Real Estate, Commodities, Natural Resources and Infrastructure

**ABSOLUTE RETURN** includes those investments whose performance is expected to deliver absolute returns in any market conditions. The System's program may include



strategies such as hedge fund of funds, multi-strategy, global tactical asset allocation, event driven, relative value, macro, insurance and equity hedged.

**MULTI ASSET** includes a combination of different strategies that do not fall within the description of only one asset class and are expected to have performance characteristics similar to the plan.

# Plan Net Position

For the Years Ended  
June 30, 2023 and 2022

Amounts  
expressed in  
thousands

Assets	2023	Increase/ (Decrease)	2022	Increase/ (Decrease)	2021
Cash and cash equivalents and receivables	\$2,090,181	\$(1,229,670)	\$3,319,852	\$(116,216)	\$3,436,068
Collateral for securities loaned	\$5,686,982	\$1,272,189	\$4,414,793	\$(330,402)	\$4,745,195
Total investments, at fair value	\$69,512,685	\$3,083,480	\$66,429,205	\$(4,150,971)	\$70,580,176
<b>Total assets</b>	<b>\$71,602,866</b>	<b>\$1,853,809</b>	<b>\$69,749,057</b>	<b>\$(4,267,187)</b>	<b>\$74,016,244</b>
Liabilities					
Accounts payable and accrued expenses	\$57,797	\$(7,605)	\$65,402	\$(953)	\$66,355
Investment commitments payable	\$965,114	\$7,243	\$957,871	\$(642,323)	\$1,600,194
Obligation for collateral for loaned securities	\$5,686,982	\$1,272,189	\$4,414,793	\$(303,402)	\$4,745,195
<b>Total liabilities</b>	<b>\$6,709,893</b>	<b>\$1,271,827</b>	<b>\$5,438,066</b>	<b>\$(973,678)</b>	<b>\$6,411,744</b>
<b>Net Position Restricted for Pensions</b>	<b>\$64,892,973</b>	<b>\$581,982</b>	<b>\$64,310,991</b>	<b>\$(3,293,589)</b>	<b>\$67,604,500</b>

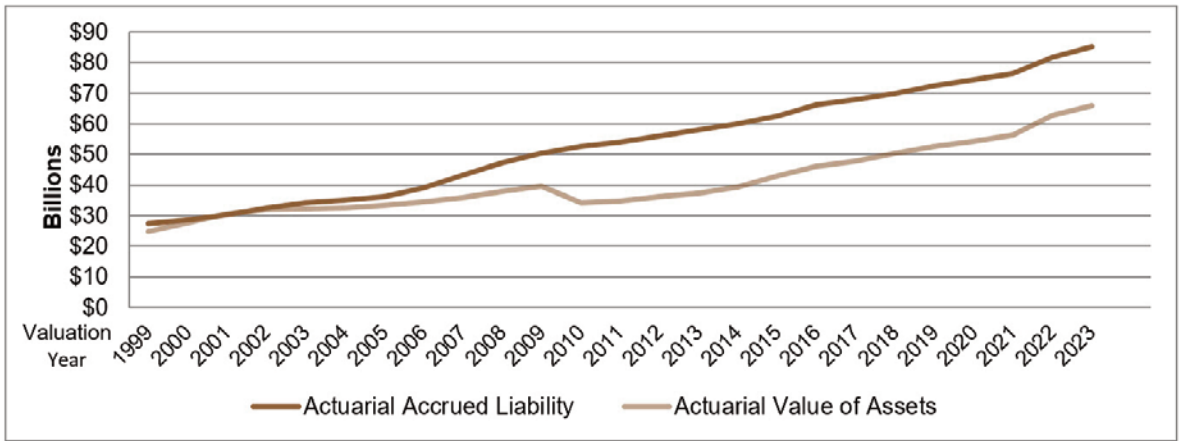
# Changes in Plan Net Position

For the Years Ended  
June 30, 2023 and 2022

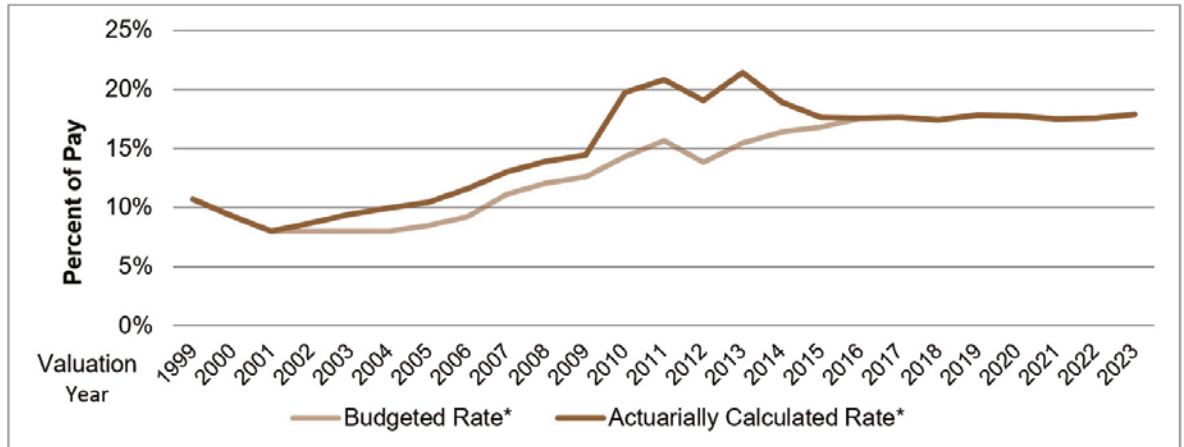
Amounts  
expressed in  
thousands

Additions	2023	Increase/ (Decrease)	2022	Increase/ (Decrease)	2021
Employer contributions	\$1,700,314	\$211,238	\$1,489,076	\$52,208	\$1,436,868
Employee contributions	\$963,702	\$69,435	\$894,267	\$28,529	\$865,738
State contributions on behalf of local governments	\$738,603	\$(54,624)	\$793,227	\$26,571	\$766,656
Contribution interest	-	-	-	-	-
Net investment income	\$1,980,277	\$2,140,410	\$(1,942,133)	\$(16,257,895)	\$14,315,762
<b>Total additions</b>	<b>\$5,382,896</b>	<b>\$4,148,459</b>	<b>\$1,234,437</b>	<b>\$(16,150,587)</b>	<b>\$17,385,024</b>
Deductions					
Benefit payments	\$4,653,163	\$258,813	\$4,394,350	\$141,303	\$4,253,047
Refunds	\$101,737	\$10,202	\$91,535	\$26,761	\$64,774
Administrative expenses	\$46,014	\$3,953	\$42,061	\$(6,679)	\$48,740
<b>Total deductions</b>	<b>\$4,800,914</b>	<b>\$272,968</b>	<b>\$4,527,946</b>	<b>\$161,385</b>	<b>\$4,366,561</b>
<b>Net increase (decrease) in plan position</b>	<b>\$581,982</b>	<b>\$3,875,491</b>	<b>\$(3,293,509)</b>	<b>\$(16,311,972)</b>	<b>\$13,018,463</b>
<b>Beginning plan net position</b>	<b>\$64,310,991</b>	<b>\$(3,293,509)</b>	<b>\$67,604,500</b>	<b>\$13,018,463</b>	<b>\$54,586,037</b>
<b>Ending plan net position restricted for pensions</b>	<b>\$64,892,973</b>	<b>\$581,982</b>	<b>\$64,310,991</b>	<b>\$(3,293,509)</b>	<b>\$67,604,500</b>

## Assets/Liabilities



## State Contributions Rate



\* Excludes reinvested savings in valuation years 2010. 2010 rates are prior to the 2011 General Assembly reforms.

## Interested in learning more?

The Maryland State Retirement Agency provides several resources to keep members, retirees and other stakeholders informed about the financial management of the State's \$64.6 billion pension fund.

- The full 180-page Annual Comprehensive Financial Report, along with reports for prior years, are available on the Maryland State Retirement Agency website at [sra.maryland.gov](http://sra.maryland.gov). From the homepage, simply click on **Investments & Financials**, then **Annual Financial Reports**.

This webpage also offers links to the Agency business plan, actuarial valuation reports and the Board of Trustees' open meeting minutes. You may review the Agency's investment policy manual and download quarterly investment performance updates.

- A dedicated email address is available for your inquiries about the Agency's investment program. Submit your questions to [invest-info@sra.state.md.us](mailto:invest-info@sra.state.md.us). Note: Our investment staff cannot provide advice about your personal investment portfolio.
- If you prefer corresponding by mail, address your letter to the Maryland State Retirement Agency, 120 East Baltimore Street, Baltimore, Maryland 21202-6700
- The Retirement Agency may be reached by telephone at 410-625-5555 or toll-free 1-800-492-5909.

STRIPS

