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, 2024

2024

PPC

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2024

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)

Alan H. Winkle

Alan H. Winkle
Program Administrator

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 though 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.

A Message from our Executive Director

I t 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 2024 in a concise format. It is a handy resource for anyone who wants to quickly review the status of the retirement fund.
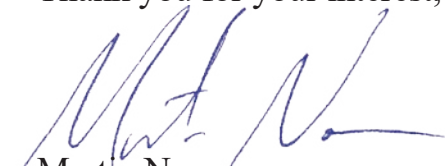
Former state employees, teachers, police, legislators, judges, and local government workers covered by the plans received payments totaling nearly $5 billion in fiscal year 2024.

To fund these benefits, the System's investment portfolio generated a return of 6.93%, net of fees, for the fiscal year, beating its policy benchmark of 6.34%. After the payment of benefits, the market value of assets increased by more than $3 billion, from $64.9 billion on June 30, 2023, to $67.9 billion on June 30, 2024.

This Popular Annual Financial Report is derived from information contained in the System's 2024 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 2024 Annual Comprehensive Financial Report, which is prepared in conformity with GAAP and is available online at sra.maryland.gov.

I hope you will find this publication useful and informative.

Thank you for your interest,

Martin Noven

Table of Contents

Members at a glance

Total membership	**427,314**	
Active members	**205,044**	
Benefit recipients	**176,171**	
Inactive members	**46,099**	

Teachers	Retirement System	Pension System
Total Membership		
Active vested	91	61,101
Active non-vested	0	54,124
Vested former members	61	23,433
Retired members	20,007	64,968
Active Members		
Number	91	115,225
Average age	74.4	45.4
Average years of service	48.2	11.9
Average annual salary	$133,797	$78,891
Retirees and Beneficiaries		
Number	20,007	64,968
Average age	80.9	73.1
Average monthly benefit	$4,241	$2,346

Employees	Retirement System	Pension System
Total Membership		
Active vested	4,783	33,304
Active non-vested	3,418	43,443
Vested former members	743	21,459
Retired members	17,624	67,784
Active Members		
Number	8,201	76,747
Average age	46.1	48.3
Average years of service	12.7	10.4
Average annual salary	$67,165	$71,834
Retirees and Beneficiaries		
Number	17,624	67,784
Average age	73.8	72.6
Average monthly benefit	$2,584	$1,609

Law Enforcement Officers

Total Membership

Active vested	1,469
Active non-vested	1,524
Vested former members	309
Retired members	2,608

Active Members

Number	2,993
Average age	40.8
Average years of service	10.4
Average annual salary	$89,347

Retirees and Beneficiaries

Number	2,608
Average age	63.6
Average monthly benefit	$3,396

Correctional Officers

Total Membership

Active vested	4,670
Active non-vested	3,396
Vested former members	635
Retired members	7,216

Active Members

Number	8,066
Average age	45.5
Average years of service	12.4
Average annual salary	$67,035

Retirees and Beneficiaries

Number	7,216
Average age	64.1
Average monthly benefit	$2,226

State Police

Total Membership

Active vested	817
Active non-vested	495
Vested former members	85
Retired members	2,638

Active Members

Number	1,312
Average age	36.9
Average years of service	12.7
Average annual salary	$100,538

Retirees and Beneficiaries

Number	2,638
Average age	66.5
Average monthly benefit	$5,286

Judges

Total Membership

Active vested	223
Active non-vested	99
Vested former members	8
Retired members	471

Active Members

Number	322
Average age	57.7
Average years of service	8.2
Average annual salary	$190,003

Retirees and Beneficiaries

Number	471
Average age	78.4
Average monthly benefit	$8,602

Legislators

Total Membership

Active vested	80
Active non-vested	107
Vested former members	47
Retired members	325

Active Members

Number	187
Average age	53.8
Average years of service	7.9
Average annual salary	$54,539

Retirees and Beneficiaries

Number	325
Average age	77.2
Average monthly benefit	$1,642

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 $56,362

- Is presently 73.6 years old

- Lives in Maryland

- Receives $28,533 each year in SRPS benefits

Number of retirements by fiscal year

| Fiscal Year	Number of Retirements
2018	7,384
2019	8,105
2020	7,484
2021	7,150
2022	6,813
2023	7,700
2024	7,123
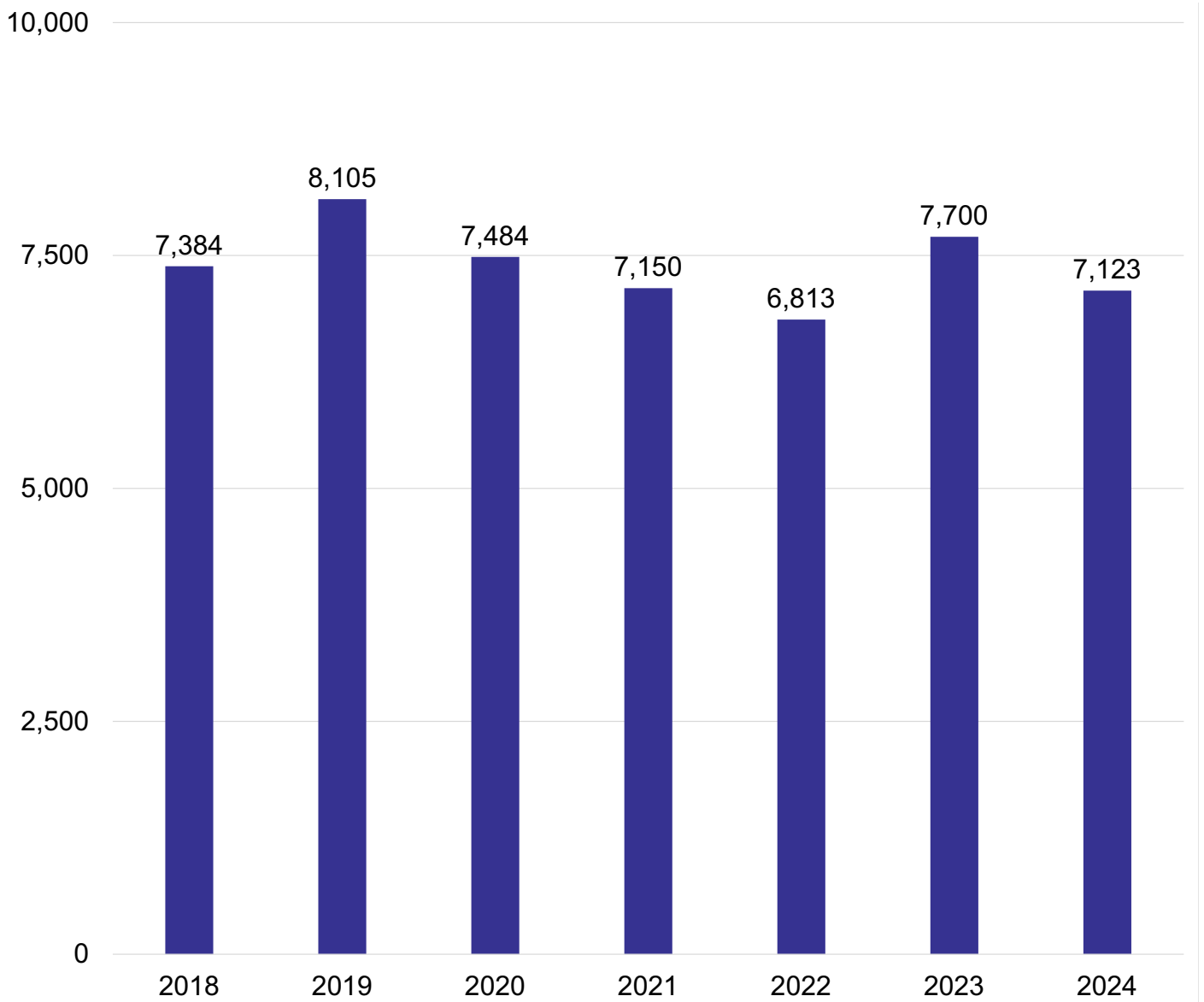
How benefits are funded

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 2024 funding by sources

	Members	Employers	Net Investment Income
	$1.056	$2.618	$4.417
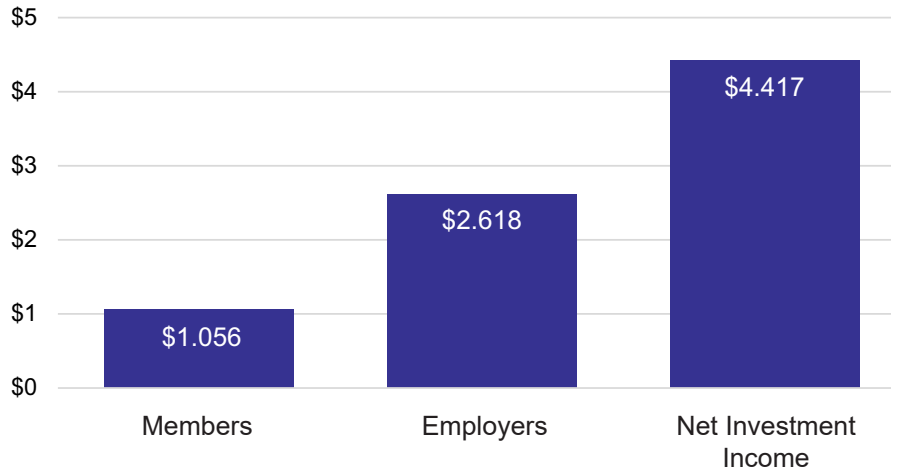
Ten-Year Average in Contributions (As of June 30, 2024)

Fiscal Year	Members' Contributions	Employers' and Other Contributions	Net Investment Income/Loss	Total Revenue
2015	$755,444	$1,858,612	$1,197,671	3,811,727
2016	$764,414	$1,870,655	$497,531	$3,132,600
2017	$782,689	$2,033,312	$4,473,443	$7,289,444
2018	$791,582	$1,995,017	$3,899,393	$6,685,992
2019	$807,290	$2,054,093	$3,288,207	$6,149,590
2020	$850,298	$2,144,269	$1,866,641	$4,861,208
2021	$865,740	$2,203,523	$14,315,762	$17,385,025
2022	$894,267	$2,282,303	$(1,942,133)	$1,234,437
2023	$963,702	$2,438,917	$1,980,277	$5,382,896
2024	$1,056,173	$2,618,316	$4,416,775	$8,091,264

Local economic impact of Maryland pensions[*]

Nearly **$3.59 billion** in annual pension payments stay in Maryland.
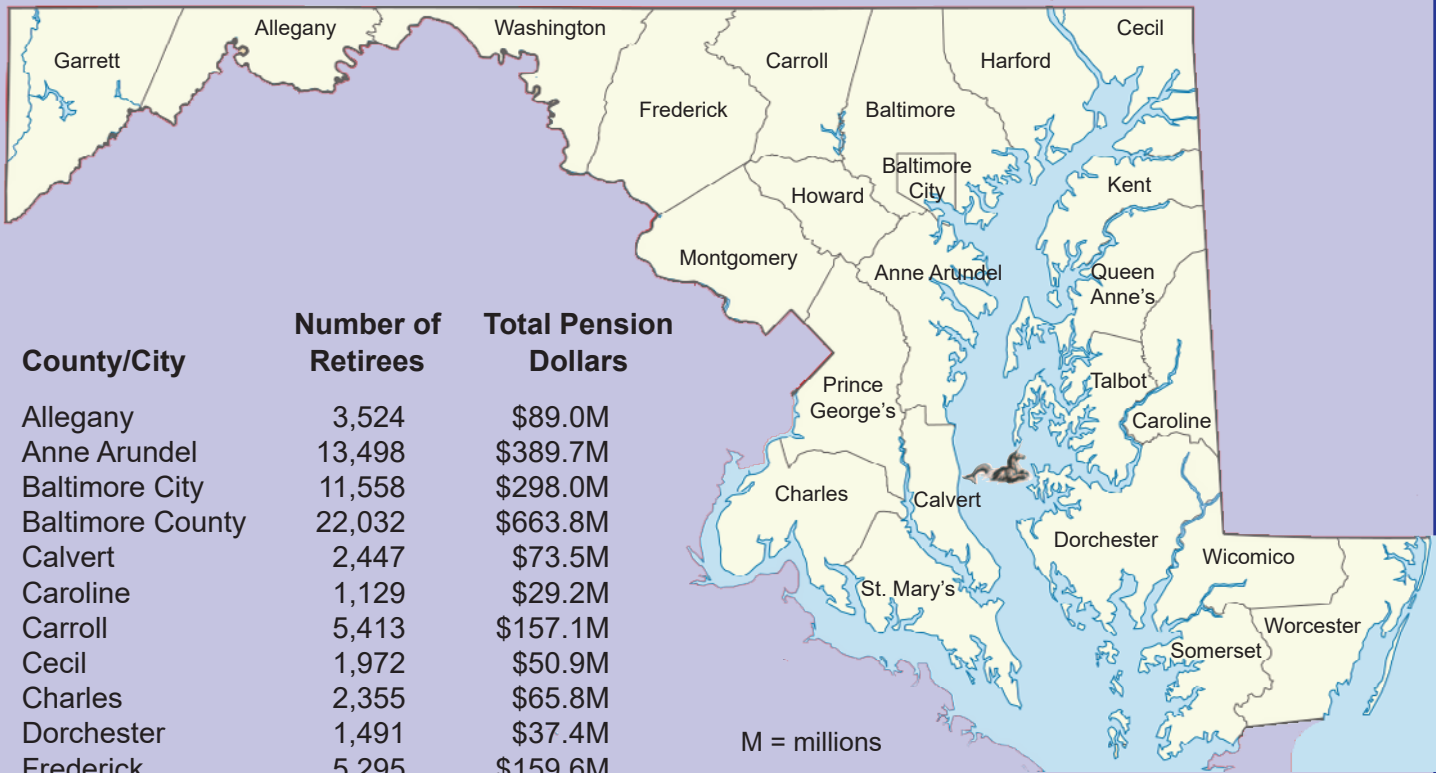
County/City	Number of Retirees	Total Pension Dollars
Allegany	3,524	$89.0M
Anne Arundel	13,498	$389.7M
Baltimore City	11,558	$298.0M
Baltimore County	22,032	$663.8M
Calvert	2,447	$73.5M
Caroline	1,129	$29.2M
Carroll	5,413	$157.1M
Cecil	1,972	$50.9M
Charles	2,355	$65.8M
Dorchester	1,491	$37.4M
Frederick	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?
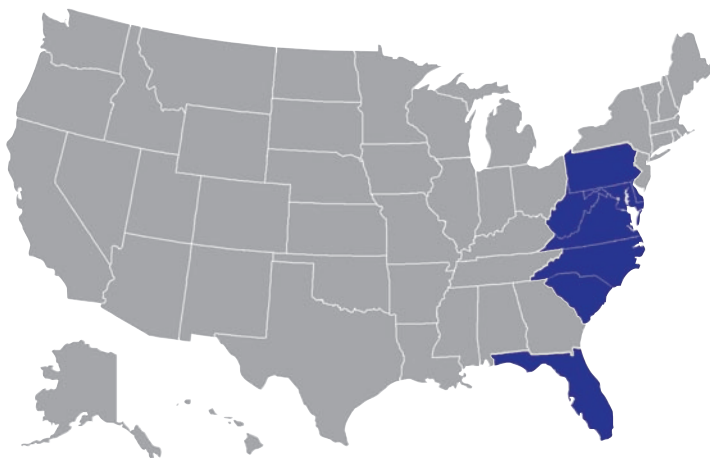
Maryland 74.2%

Florida 4.7%

Pennsylvania 3.7%

Virginia 2.6%

Delaware 2.5%

North Carolina 2.3%

South Carolina 1.5%

West Virginia 1.4%
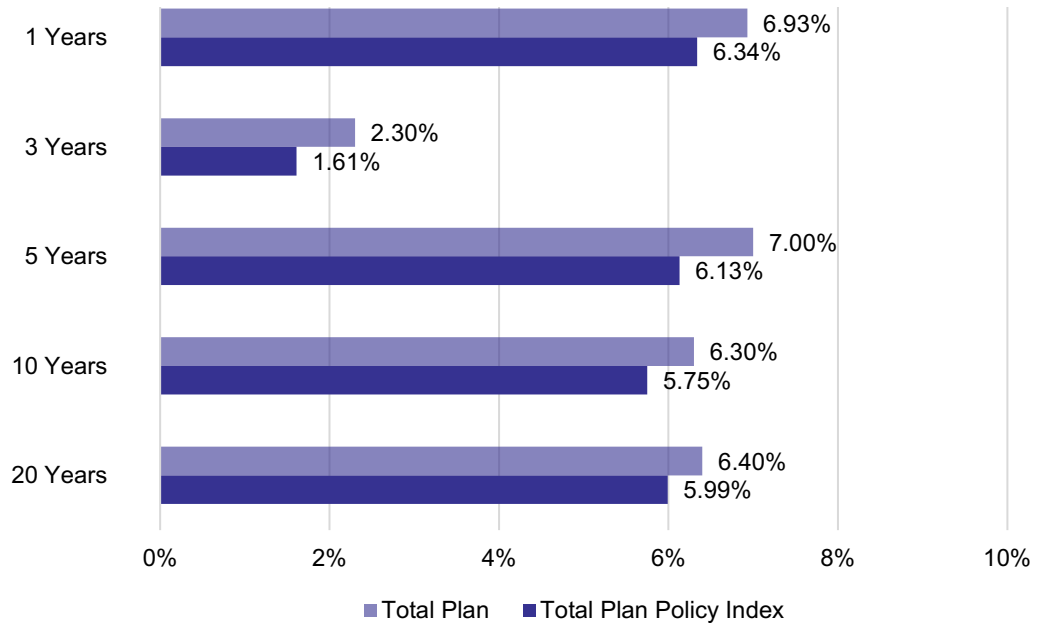
*All figures as of June 30, 2023.

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

Investments

The System's investment portfolio generated a return of 6.93%, net of fees, for the fiscal year ending June 30, 2024. This return beat the 6.34% policy benchmark.

Portfolio Return and Benchmarks
(all based on end of fiscal year, June 30)

Period	Total Plan	Total Plan Policy Index
1 Years	6.93%	6.34%
3 Years	2.30%	1.61%
5 Years	7.00%	6.13%
10 Years	6.30%	5.75%
20 Years	6.40%	5.99%

- Total Plan
- Total Plan Policy Index

Where are plan assets invested?

Asset Allocation

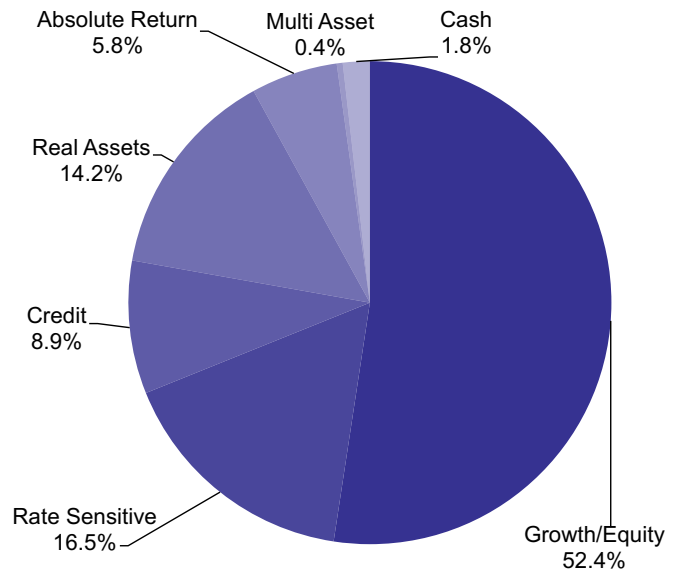|	Target	June 30, 2024
Growth Equity	50% (+/-7%)	52.4%
Rate Sensitive	20% (+/-5%)	16.5%
Credit	9% (+/-4%)	8.9%
Real Assets	15% (+/-4%)	14.2%
Absolute Return	6% (+/-4%)	5.8%
Multi Asset	0% (0%)	0.4%
Cash	0%	1.8%

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, 2024 and 2023

Amounts expressed in thousands

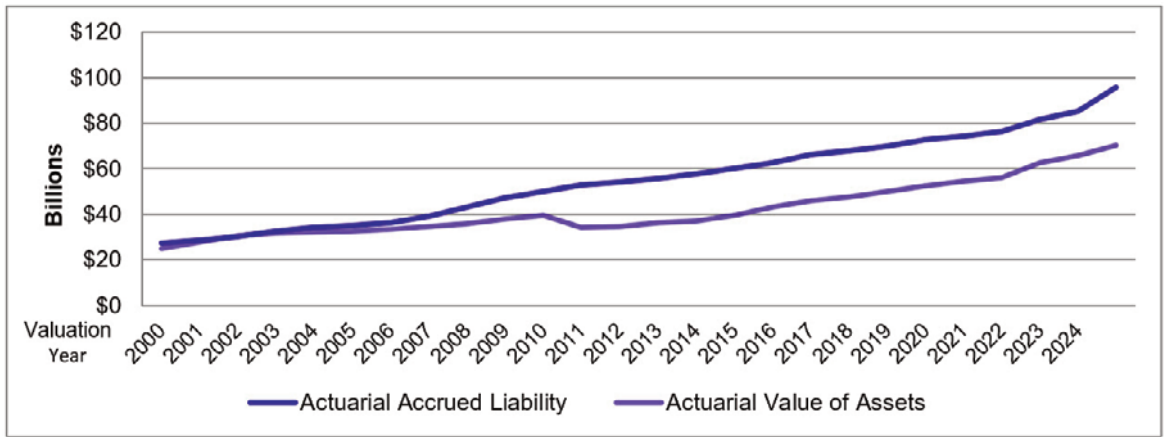| Assets	2024	Increase/ (Decrease)	2023	Increase/ (Decrease)	2022
Cash and cash equivalents and receivables	$2,952,369	$862,188	$2,090,181	$(1,229,670)	$3,319,852
Collateral for securities loaned	$4,848,015	($838,967)	$5,686,982	$1,272,189	$4,414,793
Total investments, at fair value	$70,610,684	$1,097,999	$69,512,685	$3,083,480	$66,429,205
Total assets	$73,563,080	$1,960,214	$71,602,866	$1,853,809	$69,749,057
Liabilities					
Accounts payable and accrued expenses	$71,376	$13,579	$57,797	$(7,605)	$65,402
Investment commitments payable	$733,981	($231,133)	$965,114	$7,243	$957,871
Obligation for collateral for loaned securities	$4,848,015	($838,967)	$5,686,982	$1,272,189	$4,414,793
Total liabilities	$5,653,372	($1,056,521)	$6,709,893	$1,271,827	$5,438,066
Net Position Restricted for Pensions	$67,909,708	$3,016,735	$64,892,973	$581,982	$64,310,991

Changes in Plan Net Position
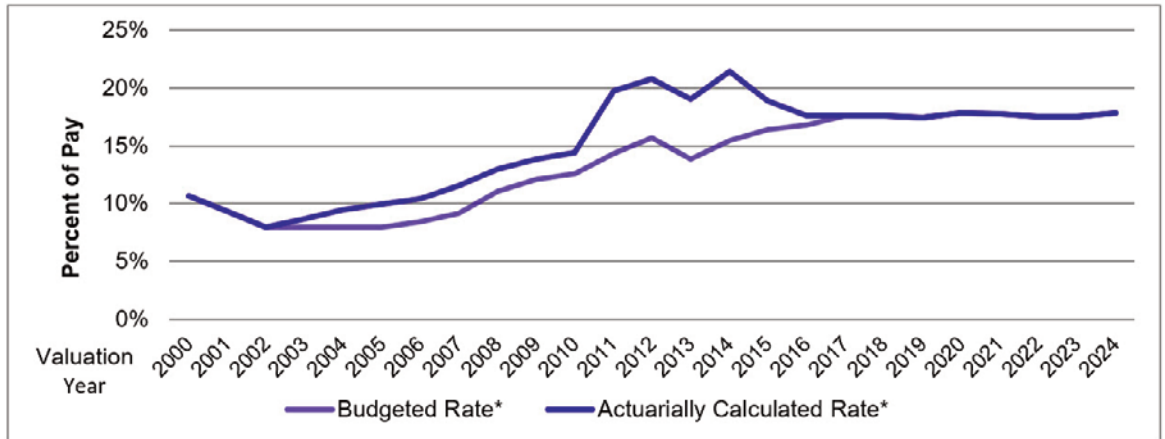For the Years Ended June 30, 2024 and 2023

Amounts expressed in thousands

Additions	2024	Increase/ (Decrease)	2023	Increase/ (Decrease)	2022
Employer contributions	$1,834,051	$133,737	$1,700,314	$211,238	$1,489,076
Employee contributions	$1,056,173	$92,471	$963,702	$69,435	$894,267
State contributions on be-half of local governments	$784,265	$45,662	$738,603	$(54,624)	$793,227
Contribution interest	-	-	-	-	-
Net investment income	$4,416,775	$2,436,498	$1,980,277	$2,140,410	$(1,942,133)
Total additions	$8,091,264	$2,708,368	$5,382,896	$4,148,459	$1,234,437
Deductions					
Benefit payments	$4,916,425	$263,262	$4,653,163	$258,813	$4,394,350
Refunds	$107,308	$5,571	$101,737	$10,202	$91,535
Administrative expenses	$50,796	$4,782	$46,014	$3,953	$42,061
Total deductions	$5,074,529	$273,615	$4,800,914	$272,968	$4,527,946
Net increase (decrease) in plan position	$3,016,735	$2,434,753	$581,982	$3,875,491	$(3,293,509)
Beginning plan net position	$64,892,973	$581,982	$64,310,991	$(3,293,509)	$67,604,500
Ending plan net position restricted for pensions	$67,909,708	$3,016,735	$64,892,973	$581,982	$64,310,991

Assets/Liabilities

Chart: Assets/Liabilities — Billions vs Valuation Year (2000–2024), showing Actuarial Accrued Liability and Actuarial Value of Assets.

State Contribution Rate

Chart: State Contribution Rate — Percent of Pay vs Valuation Year (2000–2024), showing Budgeted Rate* and Actuarially Calculated 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 $67.9 billion pension fund.

- The full 193-page Annual Comprehensive Financial Report, along with reports for prior years, are available on the Maryland State Retirement Agency website at 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. 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.