



MARYLAND
STATE RETIREMENT
and PENSION SYSTEM



A promise

IT'S UNDENIABLE that the COVID-19 pandemic has turned our world on its head, creating uncertainty as to how we will move forward. However, there is one thing of which you can be certain: no matter what, our highest and first priority is to pay you your monthly pension benefit without fail. That's a promise.



*R. Dean Kenderdine,
Executive Director*

The Maryland State Retirement and Pension System has weathered economic downturns in the past, most notably the Great Recession just over a decade ago, and not once was a pension payment ever missed. Your System is resilient and solvent.

Certainly, the pandemic has impacted the financial markets, including the System's assets, but the impact to our System has been

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Start planning for your retirement with your PSB

WATCH YOUR MAIL in September for an important postcard from the Maryland State Retirement Agency. Then, follow the instructions to access your annual Personal Statements of Benefits. This useful statement includes a wealth of information about your pension account including your earned years and months of service, accumulated contributions and, most importantly, estimates of your future retirement benefits and the date you are eligible to retire.

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 2020 PSB. If you do not 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 account information and obtain benefit estimates.

As in previous years, your PSB will include the same important account information and benefit estimates you've come to expect, including the estimated date you will be eligible to retire and your projected monthly benefit. Also listed are your

member contributions to your plan, your estimated disability and death benefits, and any retirement credit added to your account for military service or purchased time.

Don't own a computer?

Printed copies of your PSB will not be mailed to your home address unless requested. To receive a paper PSB, email your request to srapbs@sra.state.md.us or call and leave a message at 410-625-3662. Requests for a paper statement may be submitted on or after September 21, 2020. Your request must include:

- Your full name
- Your date of birth
- Last four digits of your Social Security number
- Your home address
- Your daytime telephone number

Frequently asked questions

Answers to common questions about your annual PSB are provided here.

Q. Where are my future retirement benefits shown?

A. Your estimated future retirement

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System earns 3.6% during volatile FY 2020

Fund grows \$563 million to nearly \$55 billion

THE INVESTMENT PORTFOLIO of the Maryland State Retirement and Pension System returned 3.57%, net of fees, on investments for the fiscal year that ended June 30, 2020. The fiscal year returns reflect the ongoing impact of the COVID-19 pandemic on global markets.

Although the fiscal year earnings fell short of the System's 7.40% assumed actuarial return rate, they exceeded the policy benchmark of 3.14% by 43 basis points. The policy benchmark is a standard for comparing a portfolio's performance in the market from which the manager selects securities. The fund's performance raised the system's assets to \$54.8 billion, an increase of \$563 million over last year.

"It was a difficult year to generate the System's long-term actuarial rate of 7.4%," said Andrew C. Palmer, Chief Investment Officer.

"Of our major asset classes, only our Rate Sensitive portfolio (investment grade and inflation protected bonds) generated returns above the actuarial rate. Private Equity was the best performer on a relative basis, exceeding the benchmark by 4.4%. The System was fortunate to have an allocation to long duration bonds and limited exposure to sectors that struggled such as energy, commodities, and retail. Active managers had an unusually large range of under and out performance, but overall were additive to the return."

"With lessons learned from the Great Recession a decade ago, the Board of Trustees has carefully designed a well-balanced portfolio of investments to mitigate against events like the COVID-19 pandemic," said State Treasurer Nancy K. Kopp,



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

Chairman of the System's Board of Trustees. "It's important to remember that we are long-term investors who make decisions based on an investment horizon that stretches across decades. Over the last 10 years, earnings have averaged 7.6%, above the plan's expected rate of return and consistent with the Board's investment policy."

Asset Performance for Fiscal Year 2020

Asset Class	Asset Allocation	Return	Benchmark	Excess
Private Equity	14.2%	2.46%	-1.94%	4.41%
Public Equity	36.1%	2.00%	0.36%	1.64%
Real Assets	11.9%	-4.43%	-2.97%	-1.45%
Absolute Return	7.8%	-2.47%	-0.12%	-2.35%
Credit	9.3%	-0.43%	-0.06%	-0.37%
Rate Sensitive	18.6%	18.10%	17.15%	0.94%
Multi Asset	1.5%	2.93%	2.99%	-0.06%
Cash	0.5%	5.08%	1.56%	3.52%
Total	100.0%	3.57%	3.14%	0.43%

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benefits can be found on page four of your PSB. Remember, the projected amounts shown are estimates only.

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

A. The names of your designated beneficiaries are listed on page two of your PSB. If, after reviewing your PSB, you wish to update your beneficiary designation, complete and submit a *Designation of Beneficiary* (Form 4) 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. Why isn't my military credit listed?

A. It's up to each eligible member to claim military service credit. 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.

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 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 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. 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.

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 about my PSB?

A. If something on your PSB doesn't seem correct, note the discrepancy, send a photocopy of your statement to the Maryland State Retirement Agency and indicate how you arrived at your conclusion.

Beware of scams

THE MARYLAND State Retirement Agency does not initiate contact with members, retirees or beneficiaries by email, text message or social media channels. Even an unsolicited telephone call from someone claiming to be an employee of the Retirement Agency should be met with caution.

In most cases, if there is a question about your account or benefit payment, the Retirement Agency will first contact you in writing at your home address via the US Postal Service.

And, the Retirement Agency does not:

- Call, text or email to demand immediate payment of some amount that you allegedly owe, or threaten to involve law enforcement if you don't pay.
- Require that you make a repayment of an owed amount by prepaid debit cards, gift cards, wire transfer or by asking for your bank account information.
- Call, text or email to ask for any of your personally identifiable information, such as your Social Security number.

If you receive a suspicious email, text message or unsolicited phone call from someone claiming to be a representative of the Retirement Agency, please immediately call 410-625-5586.

Join the thousands of members using mySRPS

YOU SAW on page one you can use mySRPS to get your Personal Statement of Benefits. But did you know that mySRPS has so much more to offer? Here are three quick examples:

1 Retirement Estimates You can create detailed estimates of your future retirement allowance. It doesn't matter how far you are from retirement. Create as many estimates as you want, whenever you want. Get results right on the spot. No forms, no waiting.

2 Account Information You can view all information and documents we have on file about you. That includes your beneficiaries. (And your PSB, of course.)

3 Asset Verification Need to show proof of your account assets? You can generate your own verification letter on the spot.

Coming soon: You'll be able to update beneficiary information.

What are you waiting for? All you have to do is register. You should have received a personalized packet in the mail. Just follow the directions in that packet. No packet? Visit sra.maryland.gov and click on **mySRPS Login** to request one. See you on mySRPS!

Keep your beneficiary selection up to date

HAVE YOU EXPERIENCED a marriage, divorce, death of a loved one or addition of a new family member since you enrolled in the Maryland State Retirement and Pension System? If so, you may wish to update your beneficiary designation.

If you die during membership, any available survivor benefits are paid to the beneficiary or beneficiar-

ies you select. That's why it's so important to keep your beneficiary designation up to date.

To update your choice of beneficiary, submit a new *Designation of Beneficiary* (Form 4) to the Maryland State Retirement Agency. Forms are available online at sra.maryland.gov.

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mitigated by the design of its portfolio structure, which is expected to earn the required return (7.40%) over time but offers some protection in poor market environments. The System's Board of Trustees works to create an optimal, risk-adjusted asset allocation that considers both the plan's assets and liabilities, in the context of multiple risks and economic scenarios.

To be sure, the System is not solely invested to protect against a steep market decline in the short term. The Board instead takes a longer-term approach to setting asset allocation and recognizes that investment performance can experience short-term losses in certain economic scenarios. However, these short-term negative outcomes should be viewed in the context of a much longer-term investment program and broader set of scenarios where the losses are more than offset by investment gains.

Finally, I would like to address a misconception that rears its head at times like these: the fear that the state is going to "raid" the pension fund. Be assured that the System's assets are not the state's piggybank. The assets of your System are held in trust for the exclusive purpose of providing benefits to the members and their beneficiaries. As a result, the state is not permitted to use System trust assets for other purposes. The trust is secure, and the assets are there to provide benefits to those who have earned them.

The Maryland State Retirement and Pension System is here to pay benefits on time and in the correct amount, and to continue serving you, our participants, as it has done unflinchingly for nearly a century.

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