



MARYLAND  
STATE RETIREMENT  
and PENSION SYSTEM



## Understanding your Personal Statement Benefits — page 4

### Former Trustee Hill reelected to System Board

**SHEILA HILL**, a retired correctional officer who previously represented active members of the

Employees' Systems on the Board of Trustees of the Maryland State Retirement and Pension System for nearly a decade,

was again elected to the Board this spring as representative of retired employees.

The returning Trustee's four year term began August 1.

Originally elected by members and retirees of the Employees' Systems in 2004, Ms. Hill was ineligible to return to that post following her retirement as a correctional officer in 2012. As a retiree, she was eligible to run for the position being va-



*Sheila Hill*

*See Election, page 3*

### Andrew C. Palmer named Chief Investment Officer

**FOLLOWING A NATIONWIDE SEARCH**, the Board of Trustees of the Maryland State Retirement and Pension System has announced that Andrew C. Palmer has been selected as the System's Chief Investment Officer (CIO). Mr. Palmer previously served as the Deputy CIO of the Tennessee Office of the Treasurer, which has primary investment responsibility for that state's \$43 billion Tennessee Consolidated Retirement System, similar in size to Maryland's \$46 billion System. He assumed his new post on July 22.

"I am thankful for the opportunity to work with the Trustees and staff of MSRPS on the important work of helping to ensure retirement preparedness and security for the plan's more than 388,000 participants," said Mr. Palmer. "Every plan has its own set of circumstances and there are multiple ways to effectively address them. I am excited to work with the stakeholders to examine the existing investment program and together find ways to enhance and strengthen the plan's ability to continue to meet the needs of its participants in the future."

Mr.

Palmer has extensive experience in the public and private sectors. His private sector experience began in 1985 at Bethesda, Maryland-based, ASB

Capital Management. In this role, he progressed from Credit Analyst to Director of Fixed Income and developed his investment process and philosophy that produced top quartile investment products. This role also afforded him the opportunity to interact with a broad range of customers with varying investment objectives and risk tolerances. In 2006, Mr. Palmer was



*Andrew C. Palmer*

*See CIO, page 3*

# Pension fund returns 2.68% in FY 2015

**EARNINGS** on the Maryland State Retirement and Pension System's \$45.8 billion investment portfolio were 2.68% for the fiscal year ending June 30, 2015. Although the fund did not meet its 7.65% actuarial return target for this year, it exceeded the plan's policy benchmark of 0.86% by 1.82 percentage points. The policy benchmark is a weighted average of the overall market performance of the underlying asset class indices.

"Investment returns moderated over fiscal year 2015 relative to recent years, particularly in foreign equities, as the strong dollar and concerns relating to global growth and the Greek debt situation weighed on performance," said Robert Burd, Acting Chief Investment Officer, earlier this summer. "While absolute performance did not meet the actuarial target for the fiscal year, we are very pleased with the performance of our active management program, which continues to add significant value over the overall plan benchmark. For the fiscal year, active management added roughly \$800 million in excess of the benchmark."

"While earnings for this one year fell short of our expected rate of return, the board continues to focus on long-term performance," said State Treasurer Nancy K. Kopp, Chair of the System's Board of Trustees. "Over the last five years our average return has been close to 9.4%, a much more relevant measure of the

overall health of our investment portfolio. Although this has been a challenging year for most institutional investors, the wisdom of the Board's decision some time ago to diversify its portfolio has been borne out by its long term positive returns."

## Fiscal year 2015 returns by asset class

	Asset Allocation	Return	Benchmark	Difference
Public Equity	37.63%	3.65%	0.60%	3.06%
Private Equity	8.02%	13.17%	7.62%	5.54%
Fixed Income	12.94%	1.96%	1.93%	0.03%
Credit	9.73%	-0.81%	-3.05%	2.24%
Real Return	13.17%	-5.18%	-6.61%	1.43%
Real Estate	7.36%	12.12%	10.40%	1.71%
Absolute Return	10.65%	0.74%	2.63%	-1.90%
Cash	0.49%	2.10%	0.02%	2.08%
<b>Total</b>	<b>100.00%</b>	<b>2.68%</b>	<b>0.86%</b>	<b>1.82%</b>

## Submitted forms must be received by Retirement Agency to be effective

**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.

## Keep you beneficiary designation up to date

**SINCE YOU ENROLLED** in the Maryland State Retirement and Pension System, have you experienced a marriage, divorce, death of a loved one or addition of a new family member? If so, you may wish to update your beneficiary designation. Submit a new *Designation of Beneficiary* (Form 4) to the Maryland State Retirement Agency, if needed.

## Trustee Douglass retires after 11 years of service

**TRUSTEE JOHN W. DOUGLASS**, who provided important leadership during the development of the Maryland State Retirement Agency's new benefits administration computer system, has retired from the Board of Trustees of the Maryland State Retirement and Pension System after more than a decade of dedicated service.

First elected to the Board in 2004 to represent members and retirees of the Employees' Systems, Trustee Douglass was Vice Chairman of the Audit Committee and a member of both the Investment and Administrative Committees.

Before his election to the Board, Trustee Douglass was a member of the Maryland House of Delegates from 1971 to 1994 where he served as Chairman of the Joint Budget and Audit Committee for 13 years. During his tenure in the General Assembly, he authored the state's constitutional amendment mandating a balanced budget.

On the Board, Mr. Douglass helped oversee the design and development of the Maryland Pension Administration System (MPAS), which replaced the Retirement Agency's aging computer infrastructure.

Mr. Douglass was succeeded on the Board of Trustees by Trustee Sheila Hill. (See page 1 for more information on Trustee-elect Hill.)



*John W. Douglass*

appointed Director of Fixed Income with the Tennessee Treasury Department and named Deputy CIO in 2008. In these roles, he continued his strong direct investment performance, engaged external investment advisors and became immersed in the particular environment of public pension oversight.

"The State Retirement and Pension System is extremely pleased with the selection of Andy Palmer to become Chief Investment Officer," said State Treasurer Nancy K. Kopp, who chairs the Maryland State Retirement and Pension System Board

of Trustees. "He comes to Maryland with an exceptional depth of experience in managing assets for a large public pension plan such as ours. He has a strong track record of success as a portfolio manager, and with it, a vision for what is necessary for Maryland's investment program going forward. We look forward to his leadership of our highly skilled and dedicated investment team and the results their efforts will bring."

Originally from New York, Mr. Palmer was a Maryland resident for more than three decades before heading to Tennessee. He received a BA and MA in economics from the University of Maryland at College Park. He is married and the father of three.

Mr. Palmer replaces A. Melissa Moye, Ph.D., who left the Maryland State Retirement Agency in August, 2014, to take a position with the Office of State and Local Finance at the U.S. Treasury Department in Washington, D.C. Deputy CIO Robert Burd has served as Acting CIO during the interim.



*Nancy K. Kopp*

### *Election, from page 1*

cated by John W. Douglass, who did not seek reelection as the retirees' representative.

"I look forward to working with the board again," said Trustee Hill. "I am humbled and grateful for the support of state employees and retirees in allowing me to represent

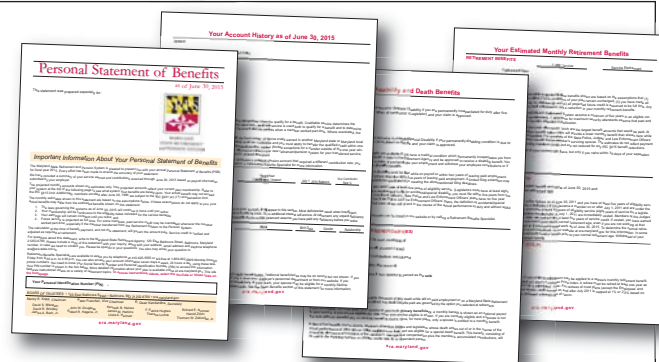
their interest in the oversight of the \$45.8 billion fund."

She received 6,702 votes (75%) of the 8,911 votes cast in the spring election.

The 15-member Board of Trustees is responsible for establish-

ing investment and administrative policy and overseeing the management of the Maryland State Retirement Agency, headquartered in Baltimore.

# Watch your mail for your annual Personal Statement of Benefits



**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, 2015.

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.

**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 September

See Statement, page 5

Statement, from page 4

1998, your PIN would be 0998. 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.

**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

## Maryland SRPS chief to lead national pension organization

**R. DEAN KENDERDINE**, Executive Director of the Maryland State Retirement and Pension System, has assumed the office of President of the National Association of State Retirement Administrators, a non-profit association whose members are the directors of the nation's state, territorial and largest statewide public retirement systems. He will serve in this post until August 2016.

NASRA members oversee retirement systems that hold more than two-thirds of the \$3.8 trillion held in trust for 15 million working and 8 million retired employees of state and local government.

Founded in 1955, the organization works to sustain public employee retirement systems through research, education and collaboration.

Mr. Kenderdine has served as SRPS Executive Director since January 2007.



R. Dean Kenderdine

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 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.

*The Mentor* is published by the Maryland State Retirement Agency  
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

### BOARD OF TRUSTEES

Nancy K. Kopp  
CHAIRMAN

Peter Franchot  
VICE CHAIRMAN

R. Dean Kenderdine  
SECRETARY

David S. Blitzstein  
David R. Brinkley  
James A. Bush, Jr.  
Robert R. Hagans, Jr.  
Kenneth B. Haines  
James M. Harkins  
Linda A. Herman

Sheila Hill  
F. Patrick Hughes  
Theresa Lochte  
Richard E. Norman  
Harold Zirkin  
Thurman W. Zollicoffer, Jr.