



# Maryland State Retirement and Pension System

*Maryland Retired School Personnel Association*

January 2021 Update

Presented 1-26-2021

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Retirement and Pension System

# Demographic Data



	Statistics as of June 30				
	2020			2019	% Chg
	State	PGU	Total	Total	
<b>Number Counts</b>					
Active Members	169,687	26,164	195,851	193,458	1.2%
Vested Former Members	42,565	6,337	48,902	50,246	-2.7%
Retired Members	148,098	19,546	167,644	164,892	1.7%
<b>Total Members</b>	360,350	52,047	412,397	408,596	0.9%
<b>Total Valuation Payroll (\$ in Millions)</b>	\$11,182.8	\$1,318.6	\$12,501.4	\$11,905.5	5.0%
<b>Active Member Averages</b>					
Age	45.9	48.8	46.3	46.3	0.0%
Service	12.4	11.3	12.2	12.3	-1.0%
Pay	\$ 65,903	\$ 50,398	\$ 63,831	\$ 61,540	3.7%
<b>Total Retiree Benefits (\$ in Millions)</b>	\$3,832.1	\$308.5	\$ 4,140.6	\$ 3,981.8	4.0%
<b>Average Retiree Benefit</b>	\$ 25,875	\$ 15,785	\$ 24,699	\$ 24,148	2.3%

# Year to Year Comparison of Results: STATE Systems

(STATE ONLY except as noted, \$ in Millions)

	Teachers' Combined System	Employees' Combined System	State Police	Judges	LEOPS	Total
FY 2022 Contr. Rate (w. Reinv. Savings) <sup>1</sup>	15.33%	21.12%	76.16%	41.92%	43.18%	18.18%
FY 2021 Contr. Rate (w. Reinv. Savings) <sup>1</sup>	15.65%	21.36%	79.03%	40.27%	43.93%	18.46%
FY 2022 Actuarial Contribution Rate <sup>2</sup>	14.67%	20.50%	75.30%	41.92%	42.28%	17.50%
FY 2021 Actuarial Contribution Rate <sup>3</sup>	14.96%	20.71%	78.09%	40.27%	42.96%	17.75%
2020 Actuarial Value of Assets	\$ 34,229	\$ 14,212	\$ 1,582	\$ 512	\$ 769	\$ 51,305
2020 Unfunded Actuarial Liability	\$ 10,228	\$ 7,601	\$ 780	\$ 77	\$ 418	\$ 19,104
2019 Unfunded Actuarial Liability	\$ 10,312	\$ 7,487	\$ 779	\$ 66	\$ 409	\$ 19,053
<b>Funded Ratios</b>						
2020	77.0%	65.2%	67.0%	86.9%	64.8%	72.9%
(Including Municipal) <sup>4</sup>		68.7%			65.9%	73.6%
2019	76.2%	64.8%	66.2%	88.2%	64.1%	72.3%
(Including Municipal)		68.3%			64.8%	72.9%

<sup>1</sup>Contribution rates with Reinvested Savings are illustrative only and are shown to facilitate comparison when including the \$75M as a percent of payroll.

<sup>2</sup>FY 2022 Actuarial Contribution Rate assumes Reinvested Savings of \$0 will be contributed in FY 2021.

<sup>3</sup>FY 2021 Actuarial Contribution Rate assumes Reinvested Savings of \$75 will be contributed in FY 2020.

<sup>4</sup>Municipal Actuarial Value of Assets of \$4,942 Million and Municipal Unfunded Actuarial Liability of \$1,120 Million are also included in the development of the Total Funded Ratio of 73.6%.

# Allocation of Contribution to Local Employers (Boards of Education)

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## Teachers Combined System

### FY2022 Contribution (\$ in Millions)

			<u>Local</u>	
	<u>% of Pay</u>	<u>Total</u>	<u>Employers</u>	<u>State</u>
Employer Normal Cost	4.17%	\$ 322.1	\$ 296.5	\$ 25.6
UAAL Amortization	10.50%	811.1	-	811.1
Reinvested Savings	<u>0.66%</u>	<u>50.8</u>	<u>-</u>	<u>50.8</u>
Total	15.33%	\$ 1,184.0	\$ 296.5	\$ 887.5

### FY2021 Contribution (\$ in Millions)

			<u>Local</u>	
	<u>% of Pay</u>	<u>Total</u>	<u>Employers</u>	<u>State</u>
Employer Normal Cost	4.33%	\$ 319.3	\$ 293.8	\$ 25.5
UAAL Amortization	10.63%	783.9	-	783.9
Reinvested Savings	<u>0.69%</u>	<u>50.8</u>	<u>-</u>	<u>50.8</u>
Total	15.65%	\$ 1,154.0	\$ 293.8	\$ 860.2



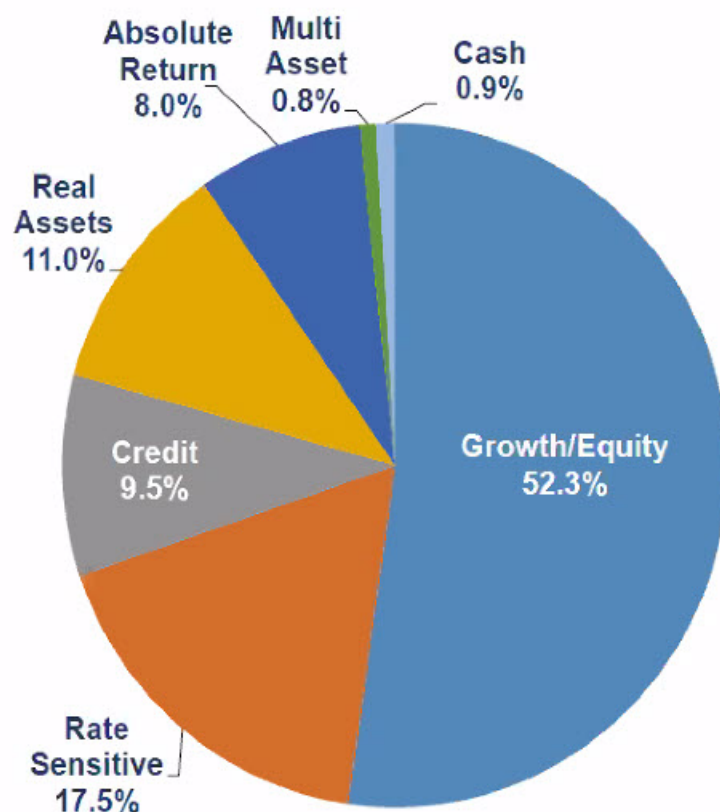
# 2011 Benefit Reform Scorecard

	Projected June 30, 2020 Results		Actual Results 2020 Valuation
	Based on June 30, 2010 Valuation		
	Before Reforms	After Reforms	
FY 2022 Contribution Rates No Reinvestment (% of Pay)			
ECS (State)	23.46%	19.44%	20.50%
TCS	22.30%	18.43%	14.67%
All State Plans	23.85%	19.86%	17.50%
June 30, 2020 Funded Ratio No Reinvestment			
All State Plans	69.0%	68.9%	70.4%
June 30, 2020 Funded Ratio Reinvestment			
All State Plans	69.0%	73.0%	72.9%

The 2010 valuation was the basis for the original estimates and projections related to potential effects of the 2011 reforms. Certain changes since implementation of reforms affect the comparability of the figures:

1. Systems are now receiving Actuarially Determined Contributions based on a 25 year closed amortization of UAAL ending in FY 2039. Elimination of the corridor funding method resulted in a large contribution increase for ECS State. The change was very small for TCS.
2. The General Assembly lowered reinvested savings to \$75 Million from the original \$300 Million in two steps beginning in FY 2014.
3. Both demographic and economic assumptions have changed since 2010 acting to increase contributions and decrease funded ratios.
4. There was overall favorable experience since 2010 (except ECS) which decreased actuarial contribution rates and increased funded ratios.

# Investments



**\$60,909.6 million** assets under management  
(as of November 30, 2020)

**\$54,836.1 million** assets under management  
(as of June 30, 2020)

**Indexed Assets** - \$15,086.9 million  
(as of Nov. 30, 2020) – 24.8% of total assets

**Terra Maria** - \$2,662.2 million  
(as of Nov. 30, 2020) – 4.4% of total assets

	<u>Target</u>	<u>Current (12/30/20)</u>
Growth/Equity	50% (+/-7)	52.3%*
Rate Sensitive	19% (+/-5)	17.5%
Credit	9% (+/-4)	9.5%
Real Assets	14% (+/-4)	11.2%**
Absolute Return	8% (+/-4)	7.7%
Multi Asset	0%	0.8%
Cash	0%	0.9%

\*includes 15.4% Private Equity

\*\*includes 7.6% Real Estate

# Average Investment Returns

	As of June 30, 2020	As of November 30, 2020
Avg. return over past 1 year	3.57%	13.07%
Avg. return over past 3 years	6.06%	8.34%
Avg. return over past 5 years	5.83%	8.69%
Avg. return over past 10 years	7.58%	7.84%
Avg. return over past 15 years	5.98%	
Avg. return over past 20 years	4.95%	
Avg. return over past 25 years	6.63%	
Avg. return since 7/1/1986	7.89%	8.17%



# Pension Payments by Location

County/City	Number of Retirees	Total Pension Dollars	County/City	Number of Retirees	Total Pension Dollars
<b>Allegany</b>	3,334	\$71.5M	Harford	6,813	\$169.4M
<b>Anne Arundel</b>	12,928	\$316.7M	Howard	6,172	\$174.0M
<b>Baltimore City</b>	11,778	\$260.6M	Kent	673	\$15.5M
<b>Baltimore County</b>	21,097	\$546.7M	Montgomery	8,796	\$268.0M
<b>Calvert</b>	2,124	\$54.5M	Prince George's	10,442	\$233.3M
<b>Caroline</b>	1,078	\$23.6M	Queen Anne's	1,787	\$44.4M
<b>Carroll</b>	5,132	\$126.8M	Saint Mary's	1,915	\$43.1M
<b>Cecil</b>	1,828	\$40.1M	Somerset	1,187	\$24.2M
<b>Charles</b>	2,128	\$52.1M	Talbot	1,355	\$31.2M
<b>Dorchester</b>	1,398	\$30.6M	Washington	4,437	\$98.8M
<b>Frederick</b>	4,738	\$122.6M	Wicomico	3,319	\$76.3M
<b>Garrett</b>	1,179	\$25.0M	Worcester	2,022	\$45.3M

## Where Else\* do Retirees and Beneficiaries reside? (a/o September 23, 2020)

Maryland	75.1%	Delaware	2.3%
Florida	4.6%	North Carolina	2.2%
Pennsylvania	3.6%	South Carolina	1.4%
Virginia	2.5%	West Virginia	1.3%

\*No more than 1% of our payees live in any other state.