

Retiree News & NOTES



STATE RETIREMENT
and PENSION SYSTEM
of MARYLAND

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A Newsletter for Retirees from the State Retirement & Pension System of Maryland

Trustee election slated for Teachers' and Employees' Systems in 2005

Elections will be conducted in the spring of 2005 for two seats on the Board of Trustees of the State Retirement and Pension System of Maryland.

A Teachers' Systems representative and an Employees' Systems representative will be chosen in the election. Although these two Board seats are open only to active members, both active members and retirees of the respective systems will be eligible to vote.

Teachers' Systems candidates must be active members of the Teachers' Retirement or Pension Systems.

Employees' Systems candidates must be active members of the Correctional Officers' Retirement System, Employees' Retirement or Pension Systems, Judges' Retirement System, Law Enforcement Officers' Pension System, Local Fire and Police System, or Legislative Pension Plan.

Each potential candidate also must obtain the signatures, on official nomination petitions, of 500 persons who are eligible to vote in that election. Petitions must be returned to the State Retirement Agency by 4:30 p.m. on March 24, 2005. To receive a nomination petition, contact William Legg at 410-625-5612 or toll free at 1-800-492-5909.

Dear Retiree:

Over the past few months your retirement system and its Investment Division have undertaken significant and productive changes designed to assure a disciplined, yet flexible approach to managing and administering our financial assets. We also greatly improved our Policy Manual and implemented a strong, clear governance policy. Consequently, we have a Retirement Plan in which rigorous oversight, enhanced coordination and a strong professional staff give us a strategic advantage.

We now are in the midst of the annual asset allocation review. Simply put, we are determining the optimal mix of stocks, bonds, real estate and alternative assets. Our goal is to diversify among asset classes in such a way as to maximize the total return, minimize overall volatility and thereby reduce risk.

While the performance of individual money managers is important, long-term investment experience demonstrates that close to 90 percent of the return on investments results from having the proper asset allocation. Therefore, it is essential to assure the flexibility to shift the allocations, within disciplined limits, as conditions warrant.

For example, in times of rising interest rates, bonds will generally decline in value, while equities may either decline or increase in value, depending on economic factors. In recessionary periods, when the demand for money is lower, bonds will typically rise in value to reflect the higher level of safety and income they offer. Our allocations must take such facts and trends into account. ***We repeat: prudent flexibility within a disciplined system is key to sound investment decisions.***

The investment staff is now more properly structured to provide ongoing oversight of our individual money managers to ensure they fully comply with our asset allocation guidelines. A rigorous review process allows staff to enforce strict adherence to our policies and standards.

Modern portfolio management is a data-driven, sophisticated undertaking requiring skill, judgment and balance in the context of a flexible, yet consistent long-term strategy. We have an excellent, well-focused team in place at the Agency to achieve this goal. We have seen meaningful results over the past year.

The Board is confident we will continue to see progress towards our objectives. Fluctuations will occur from time to time, but long-term you can be assured the assets behind your monthly checks are being managed with integrity and expertise.

Thank you for your support and confidence.

Sincerely,

William Donald Schaefer
Chairman

Nancy K. Kopp
Vice Chairman

Gov. Ehrlich names James Harkins to serve on Board

James M. Harkins, County Executive of Harford County and a former two-term Maryland General Assembly delegate, was appointed by Governor Robert L. Ehrlich, Jr. in September to serve as local government representative to the Board of Trustees of the State Retirement and Pension System of Maryland.

Mr. Harkins served 25 years with the Harford County Sheriff's Office and was elected Harford County Executive in 1998. He currently sits on the Governor's Commission on Transportation Investment and the Governor's Task Force to Ensure Utility Services. In addition, Mr. Harkins is Chairman of the Baltimore Metropolitan Council and Secretary of the Maryland Association of Counties.

Sheila Hill elected to serve on Board of Trustees

Sheila Hill, a correctional officer with 16 years of state service, was elected this fall to serve on the Board of Trustees of the State Retirement and Pension System of Maryland. Ms. Hill received a plurality of the votes with 30.29% of the ballots cast.

Ms. Hill is President of AFSCME Local 1319 at Patuxent Institution, sits on the Executive Board of Council 92 and chairs the Maryland AFSCME Corrections Steering Committee.

As a Trustee, Ms. Hill will represent the interests of members and retirees of the Employees' Retirement and Pension Systems, Judges' Retirement System, Correctional Officers' Retirement System, Law Enforcement Officers' Pension System, Local Fire and Police System, and Legislative Pension Plan. She will serve the remainder of an unexpired term ending July 31, 2005.

Retirement Agency forms are available on the Internet

HANDY FORMS FROM THE STATE RETIREMENT AGENCY OF MARYLAND

are as close as your home computer. Several forms of interest to retirees are available on the agency's Internet Web site located at www.sra.state.md.us. You may print the forms you need, or, if you prefer, you may enter your mailing address and request that the forms be mailed to you.

Forms available online include the following:

- **Designation of Beneficiary (Form 4)** - For use by retirees who select Options 1 or 4 or the Basic Allowance

- **Request for Calculation of Joint Survivorship by a Retiree Considering Changing a Beneficiary (Form 66)** - For use by retirees who selected Options 2, 3, 5 or 6
- **Retiree Change of Address (Form 77)**
- **Electronic Fund Transfer (Direct Deposit) Sign-Up (Form 85)**
- **Federal and Maryland State Tax Withholding (Form 766)**

Of course, forms still can be ordered by telephone. To request forms using the retirement agency's automated phone system, simply dial 410-625-5555 or 1-800-492-5909 on your touch-tone phone



and select option 3. You also may request forms in writing. Mail your request to the State Retirement Agency, 120 East Baltimore Street, Baltimore, Maryland 21202-6700.

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