System reports strong investment returns for third consecutive year

THE STATE RETIREMENT AND PENSION SYSTEM OF MARYLAND has recorded a third straight year of strong investment returns. For fiscal year ending June 30, 2006, the System generated 10.4% on invested assets. The System closed the fiscal year with $34.4 billion in assets, an increase of $2.3 billion from last fiscal year end. Over the last three fiscal years, assets under management have increased $7.7 billion.

The fund saw continued growth in the equities and real estate asset classes over the year. Overall equity returns for the fund were 14.4%, with domestic equity returning 9.0% and international equity returning 28.2%. Returns for real estate were nearly 24%.

“This is the third year in a row of positive returns. The results are a tribute to the Board of Trustees’ governance structure, the continued focus on investment policies and the disciplined approach of our staff, consultants and managers,” said William Donald Schaefer, Chairman of the Board of Trustees and State Comptroller. “This should assure our nearly 300,000 members that their See Investment Returns, page 4
THE PERSONAL STATEMENT OF BENEFITS (PSB) YOU RECEIVE THIS FALL will feature a new, better-organized design and easy-to-read explanations of retirement law. As always, your PSB will provide you with a statement of your account history and projections of the retirement benefits available to you when you become eligible.

As an active member of the State Retirement and Pension System, you will receive a PSB by mail to your home in September. The information contained in your PSB reflects your account status as of June 30, 2006. Your annual PSB is a valuable tool for retirement planning.

Answers to frequently asked questions about the PSB are provided below.

Q. I am a member of the new Alternate Contributory Pension Selection plan. Will my PSB show my projected retirement benefits under this plan?
A. The Alternate Contributory Pension Selection plan was created by new legislation effective July 1, 2006. If, on the top of page 2, the name of the plan indicates the Alternate Plan, the projected benefit amounts provided in your PSB will reflect the new benefit multiplier.

For employees of participating governmental units whose employer made the election to join the Alternate Plan after mid-July, your benefits are shown under the Contributory System for this year. Next year’s statement will reflect the Alternate Plan for these employees.

Q. Where are my future retirement benefits shown on the statement?
A. Your estimated future retirement benefits can now be found on page four of your PSB. Remember, the projected amounts shown are estimates only.

Q. What is my Personal Identification Number (PIN)?
A. Your PIN is printed at the bottom of page one of your PSB. This number is a four digit code consisting of the month and year of your enrollment. For example, if you enrolled in January 2005, your PIN would be 0105. You can use your PIN and Social Security number to access retirement account information via the SRPS automated phone system.

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-seventies. Processing requirements at the 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. To purchase this lapsed time, submit a Form 26, Request to Purchase Previous Service. This purchased time will be listed under Service Credit in the following year’s PSB, but your enrollment date will remain the same.

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 Maryland 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. Why do I have a “deficiency” under contributions?
A. When sufficient retirement deductions are not made during any pay period, 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 our Web site at www.sra.state.md.us and get the Beneficiary Designation (Form 4). It is vital to keep beneficiary choices up to date, because when a member dies during active membership, survivor benefits are paid to his or her designated beneficiary(ies).

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 the Retirement System to the 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. What if I have other questions concerning 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: State Retirement and Pension System, 120 East Baltimore Street, Baltimore, Maryland 21202-6700.

**Have you changed employers?**

**HAVE YOU RECENTLY CHANGED MARYLAND EMPLOYERS, causing you to join a different retirement plan? Has the plan name printed on your PSB (top of second page) changed since last year’s PSB? If so, you may be eligible to transfer service credit from your prior retirement plan into your current plan.

A transfer of service credit is not necessary if you became a member of the Alternate Plan due to legislation on July 1.

To qualify for the transfer of service, your employment must be continuous and you must apply to transfer the qualified credit within one year of becoming a member of your new retirement or pension system. To receive the full benefit allowance in your new system based on your transferred service, you cannot retire within five years of your transfer. Call the State Retirement Agency at 410-625-5555 or toll free at 1-800-492-5909 for more information.
Troopers reelect Morris Krome to Board of Trustees

MEMBERS AND RETIREEES OF THE STATE POLICE RETIREMENT SYSTEM have reelected Major Morris Krome as their representative on the State Retirement and Pension System Board of Trustees. He received 55.6% of the vote in an election conducted earlier this summer. The other two candidates were G. Bruce Harrison and Henry C. Rockel.

Major Krome, a retired career officer, was first elected to the Board of Trustees in 1998. He began his new four-year term on August 1.

Major Krome currently serves as Vice Chairman of the Administrative Committee, member of the Investment Committee and member of the Audit Committee. He represents more than 3,300 active and retired members of the State Police.

2006 Maryland Charity Campaign for state employees

Giving From the Heart... Now More Than Ever

This year, it is our goal to increase participation and raise $4 million. By “Giving From the Heart… Now More Than Ever,” you can help families, friends and neighbors right here in Maryland.

The campaign kicks off September 2006, so be on the lookout for your pledge card. Once again, the MCC is offering you the easiest way to make a charitable donation – payroll deduction.

Your contribution helps adults learn to read, recruits volunteers to help clean streams, provides meals and shelter to the homeless, and creates safe places for children after school. Your donation is critical to ensure that these and many other services remain available. It’s never been more important to give.

Thanks to the generosity of Maryland State employees and retirees, last year the MCC raised over $3.5 million and hundreds of non-profit organizations were able to reach out and help Marylanders in need.

If you do not receive a pledge card, please contact Rosanne Lombardo at rosannelombardo@uwcm.org or 410-895-1493 or visit our Web site at www.mdcharity.org to download a form.