G50L00
Maryland Supplemental Retirement Plans

Executive Summary

The Teachers' and State Employees' Supplemental Retirement Plans board of trustees administers the State's supplemental retirement savings plans. The board is supported by the staff of the Maryland Supplemental Retirement Plans (MSRP). MSRP also offers education and support to State employees and agencies and spreads awareness of plan options through outreach.

Operating Budget Data

($ in Thousands)

	FY 18 Actual	FY 19 Working	FY 20 Allowance	FY 19-20 Change	% Change Prior Year
Special Fund	$2,016	$1,780	$1,828	$49	2.7%
Adjustments	0	85	36	-50	
Adjusted Special Fund	**$2,016**	**$1,865**	**$1,864**	**-$1**	**-0.1%**
Adjusted Grand Total	**$2,016**	**$1,865**	**$1,864**	**-$1**	**-0.1%**

Note: The fiscal 2019 appropriation includes deficiencies, a one-time $500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

- The fiscal 2019 working appropriation includes a $77,000 special fund deficiency to provide for staffing needs. Funding for a $500 bonus and 0.5% general salary increase, effective April 1, 2019, is also provided in fiscal 2019.

- The fiscal 2020 budget is essentially flat from fiscal 2019, despite a 3% general salary increase effective July 1, 2019. This is largely due to the additional funding provided in fiscal 2019, resulting in the fiscal 2019 working appropriation exceeding the fiscal 2020 allowance.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

	FY 18 Actual	FY 19 Working	FY 20 Allowance	FY 19-20 Change
Regular Positions	13.00	13.00	13.00	0.00
Contractual FTEs	0.00	0.00	0.00	0.00
Total Personnel	**13.00**	**13.00**	**13.00**	**0.00**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions		0.00	0.00%
Positions and Percentage Vacant as of 12/31/18		n/a	n/a

- Turnover expectancy for the agency was reduced to 0% from 2.7% previously, reflecting the reality that the agency is frequently fully staffed.

Key Observations

- ***Investment Returns Result in Low Reserves for Board of Trustees in Fiscal 2018:*** From calendar 2013 to 2016, and in 2018, reserves for the board of trustees exceeded the target of 25% of operating expenses, allowing for asset fee holidays in those years. As a result of recent investment performance, the board's reserves closed at 13.6% of operating expenses in fiscal 2018, well beneath the 25% target.

- ***Automatic Enrollment to Promote Employee Savings*:** While membership in supplemental retirement plans has increased over the past five fiscal years, members who actively contribute to plans have remained flat. States that automatically enroll employees into employee savings programs have a higher share of active contributors.

Operating Budget Recommended Actions

1. Add language restricting funding until the agency submits a budget amendment to adjust fiscal 2020.

2. Add language restricting fiscal 2019 deficiency funding until the agency submits accurate salary expenses based on actual expenditures.

Operating Budget Analysis

Program Description

The Teachers' and State Employees' Supplemental Retirement Plans are administered by a board of trustees, as established in Title 35 of the State Personnel and Pensions Article. The board has responsibility over the following plan options:

- ***Deferred Compensation Program Pursuant to Internal Revenue Code (IRC) Section 457:*** A tax-deferred or after-tax Roth option offered to all State employees.

- ***Tax Deferred Annuity Program for Educational Employees under IRC Section 403(b):*** A tax-deferred option offered only to employees of State educational institutions.

- ***Savings and Investment Plan under IRC Section 401(k):*** A tax-deferred or after-tax Roth option offered to all State employees.

- ***Employer Matching Plan under IRC Section 401(a):*** A State matching program provided to eligible employees' contributions to 457(b), 401(k), and 403(b) plans. The State match has been suspended since fiscal 2010.

A summary of the four plans' characteristics are provided an **Appendix 3.**

The Maryland Supplemental Retirement Plans (MSRP) staff supports the board of trustees' work in selecting investment options and overseeing operations. MSRP staff also provides educational programs and information to State employees and human resources personnel. These efforts are designed to create awareness among State employees of the need and mechanisms available to save for their own retirement.

MSRP finances operations through a fee imposed on members' accounts based on a percentage of assets in the plans and a flat-rate monthly charge. In fiscal 2019, the board fee is composed of a 0.05% asset fee and a monthly per account charge of $0.50 on every account with at least $500 (except for 401(a) match plan accounts). The board contracts with Nationwide Retirement Solutions, Inc. (Nationwide) for plan administration. The Nationwide contract, renewed through December 31, 2019, requires a management fee of 0.09% of assets. Therefore, the reported total participant fee is 0.14% of plan assets and a $0.50 charge on specified accounts on an annual basis.

Performance Analysis: Managing for Results

1. Investment Returns Result in Low Reserves for Board of Trustees in Fiscal 2018

As shown in **Exhibit 1**, MSRP options exceeded all annual average rates of return benchmarks in fiscal 2018. In the past five fiscal years, MSRP options have generally met or outperformed plan benchmarks.

Exhibit 1
Maryland Supplemental Retirement Plans Average Rates of Return
Fiscal 2014-2018

	1 Year	3 Years	5 Years	10 Years
Annual Average Rates of Return as of June 30, 2018				
Maryland Supplemental Retirement Plans (MSRP) Options	10.1%	8.0%	9.5%	8.1%
Benchmark Indices	9.8%	7.9%	9.2%	7.7%
Annual Average Rates of Return as of June 30, 2017				
MSRP Options	14.5%	6.0%	10.4%	6.2%
Benchmark Indices	14.1%	5.9%	10.2%	5.7%
Annual Average Rates of Return as of June 30, 2016				
MSRP Options	-0.3%	7.6%	7.5%	6.4%
Benchmark Indices	0.5%	7.6%	7.6%	6.1%
Annual Average Rates of Return as of June 30, 2015				
MSRP Options	3.6%	13.0%	12.6%	7.6%
Benchmark Indices	3.8%	12.7%	12.6%	7.0%
Annual Average Rates of Return as of June 30, 2014				
MSRP Options	20.6%	11.8%	15.3%	8.2%
Benchmark Indices	19.8%	11.9%	15.2%	7.6%

Source: Maryland Supplemental Retirement Plans

Exhibit 2 compares MSRP investment performance with benchmark indices as of September 2018. Two large cap stock funds underperformed benchmark indices in all categories, including Parnassus Core Equity and American Funds Growth. Underperformance of a fund may put a fund on watch but does not necessarily result in removal. Long-term performance is prioritized over short-term results.

Exhibit 2
MSRP Investment Performance Compared with Benchmark Indices
As of September 2018

	1 Year	3 Years	5 Years	10 Years
Bond Funds				
TCW Core Fixed Income Fund I	✓	×	×	✓
Balanced Funds				
Fidelity Puritan Fund	✓	✓	✓	✓
T. Rowe Price Retirement Balanced	×	✓	×	✓
Large Cap Stock Funds				
Parnassus Core Equity	×	×	×	×
American Century Equity Growth	✓	×	×	×
American Funds Growth	×	×	×	×
Delaware Value Fund Institutional Class	✓	✓	✓	✓
Mid Cap Stock Funds				
Janus Enterprise N	✓	✓	✓	-
T. Rowe Price Mid-cap Value	✓	✓	×	✓
Small Cap Stock Fund				
T. Rowe Price Small Cap Stock	✓	✓	✓	✓
International Stock Fund				
American Funds Euro Pacific Growth	×	×	✓	✓

✓ Fund Equaled or Beat Benchmark Index × Fund Underperformed Benchmark Index

MSRP: Maryland Supplemental Retirement Plans

Source: Maryland Supplemental Retirement Plans; Segal Advisors

In recent years, a run up in financial markets and settlements caused MSRP revenues to increase at a faster pace than expenditures, resulting in substantial fund balances in excess of the board of trustees' target of 25% of operating expenses. The board responded with fee holidays in calendar 2013 to 2016. The last asset fee holiday was from January to June 2018. **Exhibit 3** shows the plans' assets, participant fees and the agency's operating budget from fiscal 2013 to 2019.

Exhibit 3
Assets and Participants' Fees and Operating Budget
Fiscal 2013-2019 Est.

	2013	2014	2015	2016	2017	2018	2019 Est.
Net Total Assets ($ in Billions)	$2.93	$3.33	$3.42	$3.38	$3.74	$4.02	$4.17
Plan Administrator Fees	**$3,046,079**	**$2,726,532**	**$2,941,840**	**$2,807,945**	**$3,102,426**	**$4,055,312**	**$4,293,000**
As Percent of Assets[(1)]	0.10%	0.08%	0.09%	0.08%	0.08%	0.10%	0.10%
Board Asset Fee	$1,009,786	$922,149	$1,107,118	$1,080,654	$1,755,171	$1,055,427	$1,975,000
As Percent of Assets[(2)]	0.03%	0.03%	0.03%	0.03%	0.05%	0.03%	0.05%
$0.50 Monthly Charge Per Account	362,996	360,231	359,090	362,942	366,465	370,090	373,000
One-time Settlement Revenue	599,457		13,660		122,406	69,765	0
Adjustment for Timing Differences[(3)]	901	-68	131,498	9,939	-17,007	0	0
Total Board Revenue	**$1,973,140**	**$1,282,312**	**$1,611,366**	**$1,453,535**	**$2,227,035**	**$1,495,282**	**$2,348,000**
Operating Expenses	$1,501,897	$1,521,864	$1,666,333	$1,673,956	$1,782,930	$2,016,003	$1,856,662
Adjustment for Timing Differences[(3)]	2,412	2,212	-13,941	-3,600	142	0	0
Total Operating Expenses	**$1,504,309**	**$1,524,076**	**$1,652,392**	**$1,670,356**	**$1,783,072**	**$2,016,003**	**$1,856,662**
Carryover Balance	$851,486	$609,722	$568,696	$351,875	$795,838	$275,116	$665,389
Carryover Balance as Percent of Operating Expenses	56.6%	40.0%	34.4%	21.1%	44.6%	13.6%	35.8%

[(1)] In fiscal 2013, the management fee is 0.14% for the first six months of the fiscal year under a former contract, then 0.09% for the final six months under a new contract that took effect January 1, 2013.

[(2)] The board asset fee percentage is less than 0.05% from fiscal 2013 to 2016 and in 2018 as a result of fee holidays.

[(3)] Timing adjustment is needed to align with Financial Management Information System accounting. Expenditures are budgeted on a fiscal year while plans and revenues are on calendar years.

Source: Maryland Supplemental Retirement Plans

At the end of fiscal 2018, the board of trustees had a reserve fund equal to 13.6% of the annual appropriation, far below the fund balance target of 25%. The board decided that no action on asset fees was warranted at that time. Since then, assets decreased in October 2018 by over $200 million over a period of 29 days. According to MSRP, current asset fee assessments are projected to fully support fiscal 2019 operations, but fee holidays will not be feasible as they were in prior years.

Fiscal 2019 Actions

Proposed Deficiency

The fiscal 2019 working appropriation includes a $77,000 special fund deficiency to provide funding for staffing needs. However, the Department of Legislative Services (DLS) is unable to determine how the deficiency amount was determined.

In fiscal 2018, a position was vacated in the department. In fiscal 2019, MSRP received approval to reclassify this vacant position into a full-time assistant Attorney General (AAG). As a result of the conversion, MSRP was no longer required to pay a fee of $65,000 to the Office of Attorney General (OAG) for a part-time AAG position. MSRP reallocated the OAG cost to make up the salary difference between the previous position and the new AAG position. Sufficient funding appears to be authorized for this change in fiscal 2019, but the fiscal 2020 budget may be short $26,000 due to the authorized salary of the vacant position being dropped to base.

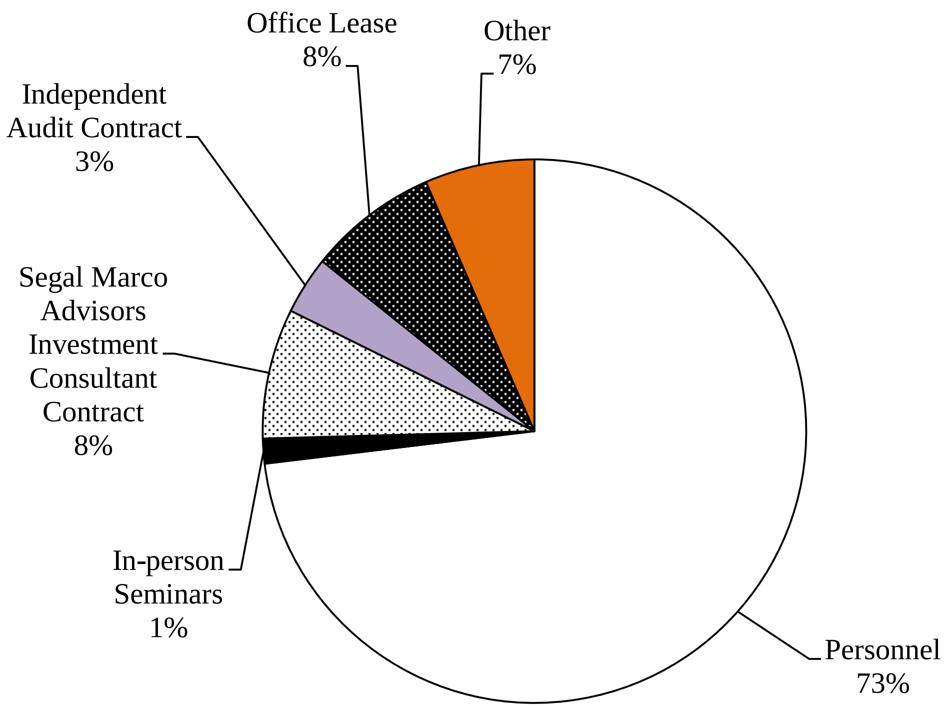
Besides the reclassification of the AAG, there is no evidence of other staffing needs in MSRP's budget that would require the $77,000 deficiency. However, MSRP has submitted financial records that indicate the that agency is overspending its fiscal 2019 appropriation for salaries and fringe benefits by $90,000. According to the Department of Budget and Management, it is possible that MSRP's appropriation does not reflect the reality of personnel expenditures. **DLS recommends budget bill language restricting $77,000 in deficiency funding until MSRP submits a report providing accurate salary and fringe benefit projected costs in fiscal 2019 and 2020 and the agency submits a budget amendment to adjust the fiscal 2019 appropriation to accommodate these actual expenditures.**

Fiscal 2020 Allowance

Overview of Agency Spending

Exhibit 4 provides an overview of MSRP's spending in the fiscal 2020 allowance. Personnel makes up 73% of agency spending. Consultant contracts, including an investment consultant with Segal Marco Advisors and an independent audit contract, account for 11%, and the cost to lease office space accounts for 8% of the total budget.

Exhibit 4
Overview of Agency Spending
Fiscal 2020 Allowance



Source: Governor's Fiscal 2020 Budget Books

Proposed Budget Change

As shown in **Exhibit 5**, the fiscal 2020 budget is essentially flat from fiscal 2019, despite a 3% general salary increase effective July 1, 2019. This largely reflects the additional funding in fiscal 2019, causing the working appropriation to exceed the fiscal 2020 allowance. Based on actual salary and fringe benefit expenditures reported by MSRP in fiscal 2019, it is extremely likely that the agency is underbudgeted in fiscal 2020. **DLS recommends budget bill language restricting $50,000 in special funds until the agency submits a budget amendment to adjust the fiscal 2020 appropriation to fully accommodate projected salary and fringe benefit cost based on the agency's actual expenditures.**

Exhibit 5
Proposed Budget
Maryland Supplemental Retirement Plans
($ in Thousands)

How Much It Grows:	Special Fund	Total
Fiscal 2018 Actual	$2,016	$2,016
Fiscal 2019 Working Appropriation	1,865	1,865
Fiscal 2020 Allowance	1,864	1,864
Fiscal 2019-2020 Amount Change	-$1	-$1
Fiscal 2019-2020 Percent Change	-0.1%	-0.1%

Where It Goes:	
Personnel Expenses	
Regular earnings, including general salary increases in fiscal 2019 and 2020	$27
Turnover expectancy reduced to 0%	25
Employee and retiree health insurance	14
Retirement	7
One-time $500 bonus for employees in fiscal 2019	-7
Deficiency funding for staffing needs	-77
Other Changes	
OAG administrative fee associated with full-time AAG position	4
Office space lease	6
Total	**-$1**

AAG: assistant Attorney General
OAG: Office of the Attorney General

Note: Numbers may not sum to total due to rounding.

Issues

1. Percentage of Actively Contributing Members Remains Flat

Retirement experts generally agree that employees should have personal retirement savings, even when expecting to receive pension benefits, in order to ensure a secure retirement. An employee with the State hired after July 1, 2011, can expect a defined benefit equal to approximately 45% of salary, in addition to 25% from Social Security, which combined equals 70% of their pre-retirement earning level. A comfortable retirement is thought to equate to 80% of pre-retirement salary, though some experts believe 100% salary replacement is needed. Supplemental retirement savings is an important tool to help State employees close the income gap in retirement.

As shown in **Exhibit 6**, total plan membership in supplemental retirement plans offered by the State has been increasing incrementally since fiscal 2013. However, members actively contributing to plans have remained flat, at approximately 44% of eligible employees. Many factors can influence a member's decision to contribute into supplemental retirement plans, including individual circumstances, market volatility, media coverage, or elimination of matching contributions. The State has not provided matching contributions to supplemental retirement plans since fiscal 2010.

Exhibit 6
Maryland Supplemental Retirement Plans
Members and Contributing Members
Fiscal 2011-2018

Fiscal Year	Total Members	% Change	% Eligible	Contributing Members	% Change	% Eligible
2011	58,993		75%	36,184		46%
2012	58,121	-1.5%	76%	35,263	-2.5%	46%
2013	57,477	-1.1%	74%	34,373	-2.5%	44%
2014	57,486	0.0%	74%	33,932	-1.3%	44%
2015	58,311	1.4%	74%	34,302	1.1%	44%
2016	59,144	1.4%	76%	34,175	-0.4%	44%
2017	59,632	0.8%	77%	34,219	0.1%	44%
2018	60,696	1.8%	78%	34,278	0.2%	44%

Source: Maryland Supplemental Retirement Plans

Automatic Enrollment

Automatic enrollment is an option that the State could consider to improve active deferral rates of employees into supplemental retirement plans. Automatic enrollment programs generally enroll employees at a default contribution rate and investment option upon hiring, requiring employees to opt out of plans rather than to opt in. Behavioral research has identified the negative impact that inertia has on supplemental retirement savings in defined contribution plans that require opting in, but this same inertia has a positive impact on savings when employees are automatically enrolled. According to the National Association of Government Defined Contribution Administrators (NAGDCA), when automatic enrollment is introduced, a vast majority of employees enrolled remain in a plan.

Automatic enrollment also tends to benefit low-income groups the most, according to NAGDCA. Research has shown automatic enrollment to nearly double replacement incomes among low-income workers. Automatic enrollment can have a negative impact on the average account balance by increasing the number of small balance accounts, particularly if the plan is successful in retaining lower income workers who have previously never had an account before, but over the long term, those who remain employed will have a positive impact on overall growth of the plan size, which could lead to reduced plan costs.

States that have implemented automatic enrollment frequently see an increase in actively deferring employees and a strong stick rate for those enrolled. For instance, in 2007, Texas enacted legislation authorizing automatic enrollment of newly hired state employees into the Texas Saver 401(k) plan. Beginning in January 1, 2008, new hires and rehires were auto-enrolled at 1% of salary. As a result, actively deferring members increased from 34% in 2007 to 56% in 2015 with a stick rate of 89.4% of those automatically enrolled. The federal government's Thrift Savings Plan (TSP) also utilizes automatic enrollment, combined with matching contributions, and boasts an active deferral rate of 89.3% of employees – double the State's active deferral rate.

How to Establish Automatic Enrollment

Because public-sector defined contribution plans are not subject to the Employee Retirement Income Security Act, many states' anti-wage garnishment laws are not preempted with the addition of automatic enrollment. However, instituting automatic enrollment would require a change in State statute. In some states, automatic enrollment has been collectively bargained with employee unions instead of requiring a change in statute. As of 2018, 15 states have indicated offering plans that implement automatic enrollment.

According to NAGDCA, one of the most popular automatic enrollment arrangements is the Eligible Automatic Contribution Arrangement (EACA). EACA allows an employee to opt out after an automatic contribution has been made and request a refund of contribution within 90 days of the first contribution. Typically, the plan sponsor provides employees with a 30-day notice prior to the first withdrawal. Default investment options can place an employee into an age-appropriate diversified option or lifecycle fund, such as a target date fund.

The State would have to carefully consider what level of salary to automatically enroll employees into supplemental retirement plans. According to NAGDCA, employees tend to look for guidance from their employer when it comes to benefits. While most employees will continue to save, as evidenced by the 90% stick rate, many employees will also never change their default deferral amount without further education or built-in automatic escalation. The State must also decide whether to provide matching contributions or a guaranteed contribution regardless of the employee's contribution, such as the initial 1% provided to federal government employees in the TSP.

Estimated costs to implement such a program are not known at this time but would likely include changes in procedures, training for human resources staff and MSRP managers, and documents. **MSRP should comment on the potential for implementing automatic enrollment in Maryland.**

Operating Budget Recommended Actions

1. Add the following language to the special fund appropriation:

   , provided that $50,000 of this appropriation made for the purpose of agency operations may not be expended until the Maryland Supplemental Retirement Plans submits a budget amendment to the budget committees to adjust the fiscal 2020 appropriation to fully cover salary and fringe benefit costs based on actual projected expenditures. The budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of the budget amendment may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled if the budget amendment is not submitted to the budget committees.

   Explanation: According to financial records provided by the Maryland State Retirement Plans (MSRP), the agency is projected to exceed the fiscal 2020 appropriation due to salary and fringe benefit costs coming in higher than what is appropriated. This language requires MSRP to submit a budget amendment to adjust the fiscal 2020 appropriation to fully cover the agency's actual projected costs.

Information Request	Author	Due Date
Budget amendment adjusting the fiscal 2020 appropriation to fully cover projected expenditures	MSRP	45 days before release of funds

2. Add the following language to the special fund appropriation:

   , provided that $77,000 of this appropriation made for the purpose of staffing needs may not be expended until the Maryland Supplemental Retirement Plans (MSRP) submits a report to the budget committees providing accurate projected salary and fringe benefit costs for fiscal 2019 and 2020, and MSRP submits a budget amendment to adjust the fiscal 2019 appropriation to fully accommodate the projected salary and fringe benefit costs based on actual expenditures in fiscal 2019. The report and budget amendment shall be submitted by May 15, 2019, and the budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled if the report is not submitted to the budget committees.

   Explanation: According to MSRP financial records, the agency is projected to exceed the fiscal 2019 appropriation due to actual salary and fringe benefit expenditures exceeding what is appropriated. This language restricts additional funding provided in fiscal 2019 until MSRP submits a report to the budget committees identifying what actual salary and fringe benefit costs are projected to be in fiscal 2019, based on actual expenditures of the agency. The funding is further restricted until MSRP submits a budget amendment adjusting the fiscal 2019 appropriation to reflect accurate funding necessary to cover the agency's actual expenditures.

Information Request	**Author**	**Due Date**
Report providing accurate projected salary and fringe benefit costs for fiscal 2019 and 2020, and a budget amendment adjusting the fiscal 2019 appropriation	MSRP	May 15, 2019

Appendix 1
Current and Prior Year Budgets
Maryland Supplemental Retirement Plans
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2018					
Legislative Appropriation	$0	$1,769	$0	$0	$1,769
Deficiency/Withdrawn Appropriation	0	40	0	0	40
Cost Containment	0	0	0	0	0
Budget Amendments	0	207	0	0	207
Reversions and Cancellations	0	-1	0	0	-1
Actual Expenditures	**$0**	**$2,016**	**$0**	**$0**	**$2,016**
Fiscal 2019					
Legislative Appropriation	$0	$1,769	$0	$0	$1,769
Budget Amendments	0	10	0	0	10
Working Appropriation	**$0**	**$1,780**	**$0**	**$0**	**$1,780**

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time $500 bonus, or general salary increases. Numbers may not sum to total due to rounding.

Fiscal 2018

The fiscal 2018 appropriation for the Maryland Supplemental Retirement Plans (MSRP) increases $247,000 in special funds. The agency received $264,000 in additional funding to address unpaid agency operating transactions that accumulated over several prior years. This increase was partially offset by a $17,000 decrease in health insurance, reflecting an across-the-board cut per Section 19 of the fiscal 2019 Budget Bill. MSRP canceled $545 in special funds.

Fiscal 2019

The fiscal 2019 legislative appropriation increases by $10,000 in special funds as a result of funding provided for a 2% general salary increase effective January 1, 2018. This funding was previously budgeted in the Department of Budget and Management Personnel Statewide Program.

Appendix 2
Audit Findings

Audit Period for Last Audit:	August 20, 2014 – February 11, 2018
Issue Date:	July 2018
Number of Findings:	2
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	

Finding 1: The Maryland Supplemental Retirement Plans (MSRP) lacked assurance that the plan administrator had sufficient protections against operational and security risks including the security of sensitive participant data maintained by the administrator.

Finding 2: Controls had not been established to ensure the propriety of MSRP's payroll.

Appendix 3
Teachers' and State Employees' Supplemental Retirement Plans
Plan Characteristics
Calendar 2019

Plan Characteristic	401(k)	457(b)	403(b)
Participation	State employees	State employees	Employees of State educational institutions
Contribution option	Tax-deferred; after-tax Roth	Tax-deferred; after-tax Roth	Tax-deferred
Contribution limit	$19,000	$19,000	$19,000
Catch-up provision for employees >50	$6,000	$6,000	$6,000
Withdrawal while employed	Age 59.5, or hardship	Age 70.5, or unforeseeable emergency	Age 59.5, or hardship
Avoid 10% premature withdrawal penalty	Leave State employment at age 55 or older, or at age 59.5 regardless of employment	Leaving State employment	Leave State employment at age 55 or older, or at age 59.5 regardless of employment

Source: Maryland Supplemental Retirement Plans

- Tax-deferred plans mean that the account may grow by additional contributions and investment earnings without paying income taxes until those amounts are withdrawn from the plans.

- Since April 2011, after-tax Roth contributions are permitted into 457(b) and 401(k) plans directly from payroll, which means no further taxes will be due on these contributions or earnings on eligible payouts from the plans.

- When participating in both a 457(b) and 401(k) plan, or participating in both a 457(b) and 403(b) plan, a member may contribute up to the maximum annual contribution limit ($19,000) to each plan, for a total of $38,000 annually.

- If a member is participating in both the 401(k) and 403(b) plan, a member may not contribute higher than $19,000 (or $25,000 if using the age 50 catch-up provision) annually.

Appendix 4
Object/Fund Difference Report
Maryland Supplemental Retirement Plans

Object/Fund	FY 18 Actual	FY 19 Working Appropriation	FY 20 Allowance	FY 19 - FY 20 Amount Change	Percent Change
Positions					
01 Regular	13.00	13.00	13.00	0.00	0%
Total Positions	**13.00**	**13.00**	**13.00**	**0.00**	**0%**
Objects					
01 Salaries and Wages	$ 1,204,996	$ 1,233,102	$ 1,336,208	$ 103,106	8.4%
02 Technical and Special Fees	6,813	3,850	3,850	0	0%
03 Communication	22,140	24,857	6,250	-18,607	-74.9%
04 Travel	26,012	27,074	27,074	0	0%
07 Motor Vehicles	10,920	11,760	11,760	0	0%
08 Contractual Services	311,342	301,253	259,359	-41,894	-13.9%
09 Supplies and Materials	16,172	15,407	15,407	0	0%
10 Equipment – Replacement	4,040	5,909	0	-5,909	-100.0%
11 Equipment – Additional	4,976	6,976	12,885	5,909	84.7%
12 Grants, Subsidies, and Contributions	258,500	0	0	0	0.0%
13 Fixed Charges	150,092	149,474	155,449	5,975	4.0%
Total Objects	**$ 2,016,003**	**$ 1,779,662**	**$ 1,828,242**	**$ 48,580**	**2.7%**
Funds					
03 Special Fund	$ 2,016,003	$ 1,779,662	$ 1,828,242	$ 48,580	2.7%
Total Funds	**$ 2,016,003**	**$ 1,779,662**	**$ 1,828,242**	**$ 48,580**	**2.7%**

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time $500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.