

**G50L00**  
**Maryland Supplemental Retirement Plans**

***Operating Budget Data***

(\$ in Thousands)

	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY 17-18</b>	<b>% Change</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
Special Fund	\$1,674	\$1,783	\$1,774	-\$9	-0.5%
Adjustments	0	0	-5	-5	
<b>Adjusted Special Fund</b>	<b>\$1,674</b>	<b>\$1,783</b>	<b>\$1,769</b>	<b>-\$14</b>	<b>-0.8%</b>
<b>Adjusted Grand Total</b>	<b>\$1,674</b>	<b>\$1,783</b>	<b>\$1,769</b>	<b>-\$14</b>	<b>-0.8%</b>

Note: Includes reversions, deficiencies, and contingent reductions.

- The fiscal 2018 allowance decreases by \$14,000, or -0.8%, below the working appropriation, including an across-the-board contingent reduction in pension cost. There is an overall \$35,000 decrease in personnel cost, which is partially offset by an increase of \$25,000 for the Segal investment consultant contract.

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

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***Personnel Data***

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	<b><u>FY 16</u></b> <b><u>Actual</u></b>	<b><u>FY 17</u></b> <b><u>Working</u></b>	<b><u>FY 18</u></b> <b><u>Allowance</u></b>	<b><u>FY 17-18</u></b> <b><u>Change</u></b>
Regular Positions	13.00	13.00	13.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>13.00</b>	<b>13.00</b>	<b>13.00</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	0.31	2.36%
Positions and Percentage Vacant as of 12/31/16	1.00	7.69%

- This agency’s staffing configuration for fiscal 2018 remains unchanged.
- As of December 31, 2016, this agency had 1 vacant office secretary position and a turnover rate of 7.7%, due to the small size of the agency.

## *Analysis in Brief*

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### Major Trends

***Plan Membership Grows While Active Deferral Rates Stagnate:*** Total participation in the retirement savings plans offered by Maryland Supplemental Retirement Plans (MSRP) declined gradually from a high of 61,362 members in fiscal 2008 to a low of 57,477 members in fiscal 2013, most likely reflecting the contraction of the State workforce. Since then, plan membership has grown by 1,667 members, or 2.9%, in fiscal 2016 despite ongoing reductions in the workforce. Although the percentage of eligible employees enrolled in MSRP has remained fairly constant, the proportion of members who actively defer compensation to their supplemental retirement plans has dropped since fiscal 2008, coinciding with the economic recession and elimination of a State matching contribution up to \$600.

***Investment Returns Remain Close to Plan Benchmarks:*** Over the past six fiscal years, MSRP investment returns have remained very close to benchmark indices. In fiscal 2016, MSRP options met or exceeded plan benchmarks in all except the one-year return, which experienced a -0.3% rate of return. Underperformance of a mutual fund in the near term may put a fund “on watch,” but does not necessarily result in a fund being replaced, given that the retirement board’s emphasis is on long-term performance. **MSRP should elaborate on the decision to replace the Pacific Investment Management Company, LLC (PIMCO) Total Return Fund with the Trust Company of the West Core Fixed Income Fund I Share when, according to Segal Advisors, PIMCO was on track to meet one- and five-year benchmarks.**

### Issues

***A Review of Employee Supplemental Retirement Savings Report:*** Retirement experts generally agree that employees should have personal savings, even when expecting to receive pension benefits, in order to ensure a secure retirement. Until fiscal 2010, the State previously offered employees dollar-for-dollar matching contributions up to \$600 to encourage employees to save; in fiscal 2011, the matching contribution was made discretionary as a cost containment measure and has not been funded since. As of fiscal 2016, only 44% of eligible State employees were actively deferring into supplemental retirement plans. The Department of Legislative Services (DLS) has completed a report that reviews supplemental retirement plans offered by other states and the federal government to assess what strategies are being used to encourage employees to save. The report evaluated the impact of various strategies to encourage employees to save for retirement, including percent of salary matching contributions, a flat dollar-for-dollar match, and automatic enrollment. The full report can be found in **Appendix 3** of this analysis. **DLS requests MSRP to comment on the feasibility of implementing a percent of salary match, a flat dollar-for-dollar match, and automatic enrollment and offer recommendations to both improve State employee participation in supplemental retirement plans and overall savings to increase retirement preparedness.**

## **Recommended Actions**

1. Concur with Governor's allowance.

## **Updates**

***Calendar 2017 Board Asset Fee Holiday Potential:*** In recent years, a run up in financial markets and a windfall payment from a legal settlement agreement caused MSRP revenues to increase at a much faster pace than its expenditures. This created substantial fund balances well in excess of the board's target of 25.0% of its operating expenses. The board responded with fee holidays that affected revenues from fiscal 2013 to 2016; a fee holiday for fiscal 2017 is possible but not decided at this time. The board has considered lowering the board asset fee from 0.05% given recent repeated fee holidays, but has decided to hold the issue for the next several quarters.

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**Maryland Supplemental Retirement Plans**

***Operating Budget Analysis***

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**Program Description**

Title 35 of the State Personnel and Pensions Article established the Teachers' and State Employees' Supplemental Retirement Plans and a board of trustees to administer them. The board of trustees has the responsibility of administering the State's:

- Deferred Compensation Program pursuant to Internal Revenue Code (IRC) Section 457;
- Tax-deferred Annuity Program for Educational Employees under IRC Section 403(b);
- Savings and Investment Program under IRC Section 401(k); and
- Employer Matching Plan under IRC Section 401(a).

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

MSRP finances operations through a fee imposed on members' accounts based on a percentage of assets in the plans and a flat-rate monthly. For fiscal 2017, the board fee is composed of two parts: a fee of 0.05% of assets and a monthly per account charge of \$0.50 on every account with at least \$500 in the 401(k), 457(b), and 403(b) plans; there is no \$0.50 charge on 401(a) match plan accounts. In addition, the board contracts with Nationwide Retirement Solutions, Inc., (Nationwide) for administration of all four plans. The Nationwide contract, renewed for five years as of January 1, 2013, provides for a management fee of 0.09% of assets. The reported total participant fee includes the \$0.50 charge on specified accounts plus up to 0.14% of assets on an annual basis.

**Performance Analysis: Managing for Results**

**1. Plan Membership Grows While Active Deferral Rates Stagnate**

As shown in **Exhibit 1**, total participation in the retirement savings plans offered by MSRP declined gradually from a high of 61,362 members in fiscal 2008 to a low of 57,477 members in fiscal 2013, or a 6.3% decrease. This decline most likely reflects a decrease in the number of employees eligible for supplemental retirement savings plans due to the contraction in the size of the State

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workforce, as demonstrated by the fact that the percentage of eligible participants in MSRP remained fairly constant. Since fiscal 2013, plan membership has grown by 1,667 members, or 2.9%, despite ongoing reductions in the workforce. Enrollment in MSRP has been trending to just below 1,000 members per quarter since 2015, in comparison to prior rates of 500 to 700 members per quarter. The outreach and education efforts of MSRP, particularly for recent hires, is most likely the primary driver of plan membership growth.

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**Exhibit 1**  
**Maryland Supplemental Retirement Plans Participation**  
**Fiscal 2007-2016**

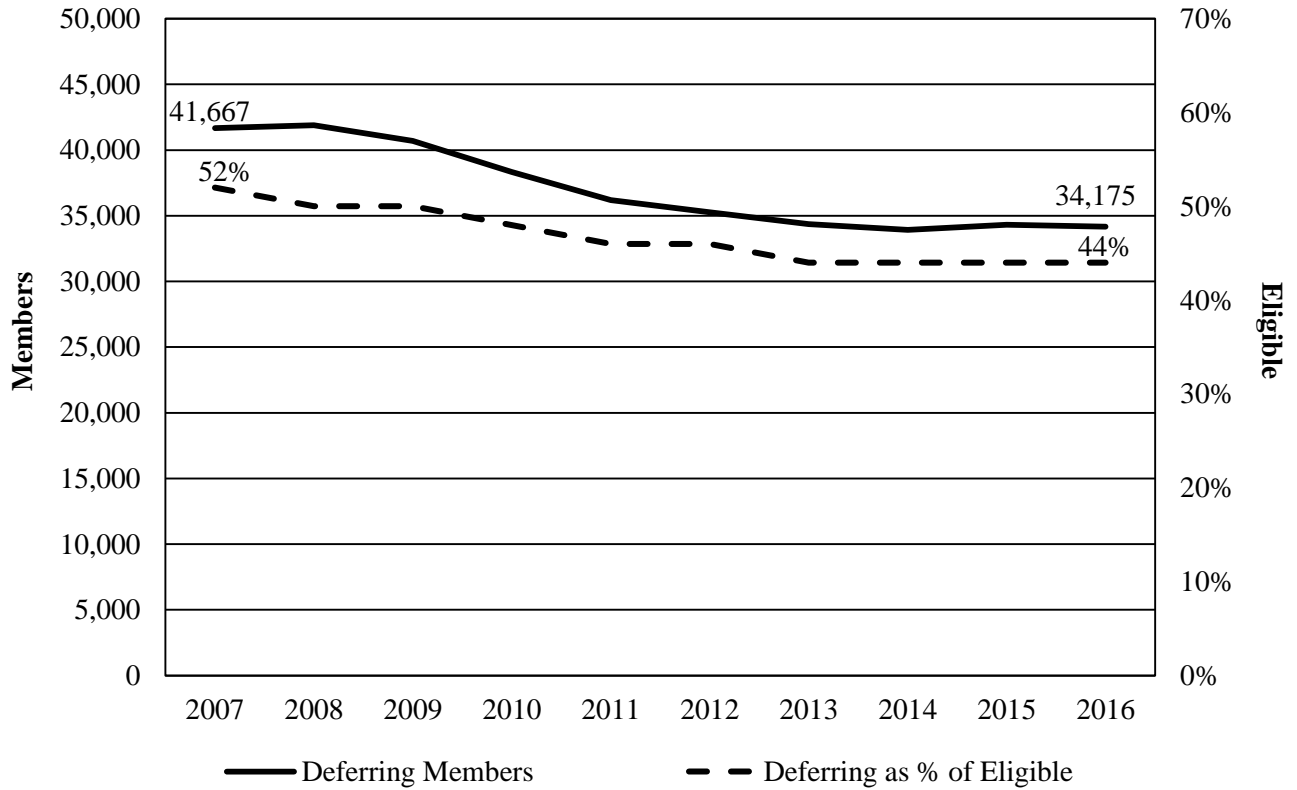
<u>Fiscal Year</u>	<u>Members</u>	<u>% Change</u>	<u>% Eligible</u>
2007	60,477		75%
2008	61,362	1.5%	73%
2009	61,202	-0.3%	75%
2010	60,188	-1.7%	75%
2011	58,993	-2.0%	75%
2012	58,121	-1.5%	76%
2013	57,477	-1.1%	74%
2014	57,486	0.0%	74%
2015	58,311	1.4%	74%
2016	59,144	1.4%	76%

Source: Maryland Supplemental Retirement Plans

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Although the percentage of eligible employees has remained fairly constant in recent years, the proportion of members who actively defer compensation to their supplemental retirement plans has dropped since fiscal 2008, as shown in **Exhibit 2**. This decrease in actively deferring employees coincides with the elimination of the State matching contribution up to \$600 and an economic recession. Removing matching contributions reduces the incentive for employees to save, but many factors can influence active deferral rates, including market volatility, media coverage, or individual circumstances.

**Exhibit 2**  
**Maryland Supplemental Retirement Plans Members Making Deferrals**  
**Fiscal 2007-2016**



Source: Maryland Supplemental Retirement Plans

**2. Investment Returns Remain Close to Plan Benchmarks**

As shown in **Exhibit 3**, MSRP options generally met benchmarks in fiscal 2016, except for the one-year return that experienced a -0.3% rate of return in comparison to plan benchmarks of 0.5%.

**Exhibit 3**  
**Maryland Supplemental Retirement Plans Average Rates of Returns**  
**Fiscal 2011-2016**

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
<b>Annual Average Rates of Return as of June 30, 2016</b>				
Maryland Supplemental Retirement Plans (MSRP) Options	-0.3%	7.6%	7.5%	6.4%
Benchmark Indices	0.5%	7.6%	7.6%	6.1%
<b>Annual Average Rates of Return as of June 30, 2015</b>				
MSRP Options	3.6%	13.0%	12.6%	7.6%
Benchmark Indices	3.8%	12.7%	12.6%	7.0%
<b>Annual Average Rates of Return as of June 30, 2014</b>				
MSRP Options	20.6%	11.8%	15.3%	8.2%
Benchmark Indices	19.8%	11.9%	15.2%	7.6%
<b>Annual Average Rates of Return as of June 30, 2013</b>				
MSRP Options	16.5%	13.8%	6.5%	8.3%
Benchmark Indices	16.3%	14.0%	6.1%	7.7%
<b>Annual Average Rates of Return as of June 30, 2012</b>				
MSRP Options	-0.7%	13.4%	1.5%	7.1%
Benchmark Indices	0.6%	13.2%	0.9%	6.0%
<b>Annual Average Rates of Return as of June 30, 2011</b>				
MSRP Options	26.9%	5.3%	5.0%	6.5%
Benchmark Indices	26.3%	4.3%	4.0%	5.0%

Source: Maryland Supplemental Retirement Plans

From fiscal 2011 to 2016, MSRP options met or outperformed plan benchmarks in the 5- and 10-year returns, but experienced negative rates of return in 1-year returns in fiscal 2012 and 2016 and slightly underperformed in 1- and 3-year returns in fiscal 2013, 2014, and 2015. Underperformance of a mutual fund in the near term may put a fund “on watch,” but does not necessarily result in a fund being replaced, given that the retirement board’s emphasis is more on long-term performance. MSRP did exchange two funds as of December 2016: (1) the Pacific Investment Management Company, LLC (PIMCO) Total Return Fund was replaced with the Trust Company of the West (TCW) Core Fixed Income Fund I Share; and (2) the Goldman Sachs Large Cap Value Fund was replaced with the Delaware Value Fund Institutional Class. **Exhibit 4** compares MSRP investment performance with benchmark indices as of September 2016. **MSRP should elaborate on the decision to replace the PIMCO Total Return Fund with the TCW Core Fixed Income Fund I Share when, according to Segal Advisors, PIMCO was on track to meet 1- and 5-year benchmarks.**



**Exhibit 4**  
**MSRP Investment Performance Compared with Benchmark Indices**  
**As of September 2016**

	<u>One-year</u>	<u>Three-year</u>	<u>Five-year</u>
<b>Bond Funds</b>			
PIMCO Total Return Fund	✓	✗	✓
<b>Balanced Fund</b>			
Fidelity Puritan Fund	✗	✗	✓
<b>Large Cap Stock Funds</b>			
Parnassus Core Equity	✗	✗	✗
American Century Equity Growth	✗	✗	✗
American Funds Growth	✓	✗	✓
Goldman Sachs Large Cap Value	✗	✗	✗
<b>Mid Cap Stock Funds</b>			
Janus Enterprise N	✓	✓	
T. Rowe Price Mid-Cap Value	✓	✓	✗
<b>Small Cap Stock Fund</b>			
T. Rowe Price Small Cap Stock	✓	✓	✓
<b>International Stock Fund</b>			
American Funds Euro Pacific Growth	✗	✓	✓
<b>Other</b>			
T. Rowe Price Retirement Income	✓	✗	✓

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

MSRP: Maryland Supplemental Retirement Plans  
PIMCO: Pacific Investment Management Company

Source: Maryland Supplemental Retirement Plans

**Proposed Budget**

As shown in **Exhibit 5**, the fiscal 2018 allowance decreases by \$14,000, or -0.8%, below the working appropriation when including an across-the-board contingent reduction in pension cost. There is an overall decrease of \$35,000 in personnel cost, which is partially offset by an increase of \$25,000 for the Segal investment consultant contract

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

<b>How Much It Grows:</b>	<b><u>Special Fund</u></b>	<b><u>Total</u></b>
Fiscal 2016 Actual	\$1,674	\$1,674
Fiscal 2017 Working Appropriation	1,783	1,783
Fiscal 2018 Allowance	<u>1,769</u>	<u>1,769</u>
Fiscal 2017-2018 Amount Change	-\$14	-\$14
Fiscal 2017-2018 Percent Change	-0.8%	-0.8%

**Where It Goes:**

**Personnel Expenses**

Increments and other fringe benefits.....	\$3
Employee and retiree health insurance .....	-43

**Other Changes**

Segal investment consultant contract.....	25
Travel for employee outreach and education and conferences .....	4
Department of General Services rent.....	4
Human Resources Shared Services initiative .....	-7

<b>Total</b>	<b>-\$14</b>
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Note: Numbers may not sum to total due to rounding.

## **Across-the-board Reductions**

The fiscal 2018 budget bill includes a \$54.5 million (all funds) across-the-board contingent reduction for a supplemental pension payment. Annual payments are mandated for fiscal 2017 through 2020 if the Unassigned General Fund balance exceeds a certain amount at the close of the fiscal year. This agency's share of these reductions is \$4,519 in special funds. This action is tied to a provision in the Budget Reconciliation and Financing Act of 2017.

## ***Issues***

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### **1. A Review of Employee Supplemental Retirement Savings Report**

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. Until fiscal 2010, the State previously offered employees dollar-for-dollar matching contributions up to \$600 to encourage employees to save; in fiscal 2011, the matching contribution was made discretionary as a cost containment measure and has not been funded since.

The Department of Legislative Services (DLS) has completed a report that reviews supplemental retirement plans offered by other states and the federal government to assess what strategies are being used to encourage employees to save. The report evaluates the impact of various strategies to encourage employees to save for retirement, including percent of salary matching contributions, a flat dollar-for-dollar match, and automatic enrollment. The full report can be found in **Appendix 3** of this analysis.

#### **Overview**

An employee with the State of Maryland hired after July 1, 2011, can expect a defined retirement benefit equal to approximately 45% of salary, in addition to 25% from Social Security, which when combined, equals 70% of their pre-retirement earning level. A comfortable retirement is thought to equate to 80% of salary; thus, an additional 10% of salary needs to be provided by an employee's personal retirement savings to ensure retirement readiness. An average State employee earning \$55,182 would have to save approximately \$1,500 per year, assuming 30 years of service, to attain this 10% of salary segment.<sup>1</sup>

As of fiscal 2016, only 44.0% of State employees were actively deferring money into supplemental retirement plans offered by the State. The percentage of State employees saving money into supplemental retirement plans was higher in the years that the State offered matching contributions, with a high of 51.5% of eligible employees saving in fiscal 2007. Since the State last provided matching contributions in fiscal 2009, the percentage of employees who actively defer money has steadily dropped.

#### **Other States**

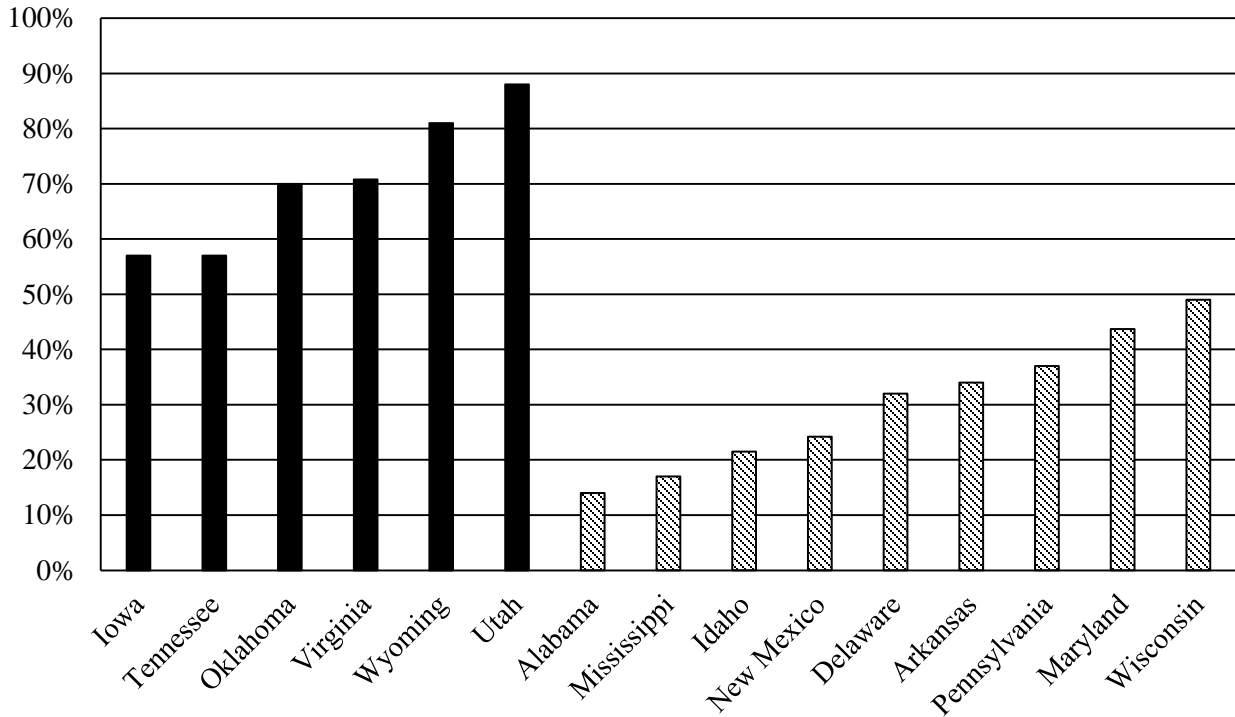
There are six other states that offer a defined benefit retirement plan in addition to matching contributions to a supplemental savings plan as an incentive to employees. Based on responses submitted via survey, states that offer matching contributions generally report higher active deferral rates among employees than states that do not, indicating that providing matching contributions does

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<sup>1</sup> Estimates of necessary employee contributions to address the retirement readiness gap was provided by the Maryland Supplemental Retirement Plans and assumes a 6.5% rate of return for earnings invested and no reduced benefits for spousal coverage.

incentivize employees to save. **Exhibit 6** compares the percent of actively deferring employees of states that offer employees matching contributions in supplemental retirement plans versus states that do not.

**Exhibit 6**  
**Percent of Actively Deferring Employees**



Notes: Bars with patterns indicate a state that does not provide matching contributions into employee supplemental retirement accounts. A 50-state survey was conducted by the Department of Legislative Services with responses received by states from September to December 2016.

Source: Department of Legislative Services

Another strategy in use by selected states is automatic enrollment of new employees into supplemental retirement plans at a pre-set deferral rate, usually 1% of salary. Automatic enrollment encourages employees to save through inertia, since it requires the employee to make an effort to opt out of supplemental retirement savings rather than having to opt in. Several states have experienced an increase in actively deferring employees since implementing automatic enrollment. For instance, Texas and Missouri saw bumps of 16.5 and 14.0 percentage points, respectively, in employees actively deferring since implementing automatic enrollment.

## Federal Government

The federal government utilizes both matching contributions and automatic enrollment to encourage employees’ savings and, as a result, boast a high employee active deferral rate of 89.3%. Matching contributions are provided as a percent of salary, which encourages a federal employee to save more money as salary grows. Additionally, federal agencies offer an automatic contribution of 1.0% regardless of employee contribution; thus, resulting in all enrolled employees saving something for retirement even if they are not personally contributing, but only 10.7% of employees choose not to contribute in addition to the agency automatic contribution.

## Options

There are three options that the State could pursue to encourage employees to save for retirement:

- ***Establishing Matching Contributions Based on Percent of Salary, Similar to the Federal Government:*** The State could provide a base contribution with no employee match, weighted to provide a higher funding level for employees earning less than \$50,000, then provide graduated matching up to 5% or 6% of an employee’s salary, as illustrated in **Exhibit 7**. The State could also provide a dollar-for-dollar match up to 5% of an employee’s salary without automatic contributions or weighted contributions based on salary level. Based on similar participation rates seen at the federal level, the cost range for these options are shown in **Exhibit 8**.

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**Exhibit 7**  
**Matching Contributions as a Percent of Salary Scenario**  
**Automatic Contributions Weighted by Salary**

	<b>Employee Contribution Level</b>	<b>State Contribution (Employee Salary Under \$50,000)</b>	<b>State Contribution (Employee Salary Over \$50,000)</b>
	0.0%	2.0%	1.0%
	1.0%	1.0%	1.0%
	2.0%	1.0%	1.0%
	3.0%	1.0%	1.0%
	4.0%	0.5%	0.5%
	5.0%	0.5%	0.5%
<b>Total % Contributed</b>	<b>5.0%</b>	<b>6.0%</b>	<b>5.0%</b>

Source: Department of Legislative Services

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**Exhibit 8**  
**Estimated Costs of Percent of Salary State Match Scenarios**  
(\$ in Millions)

<u>Scenario</u>	<u>Matching Amount</u>	<u>89.3% Participation Cost</u>		<u>100% Participation Cost</u>	
		<u>General Funds</u>	<u>All Funds</u>	<u>General Funds</u>	<u>All Funds</u>
1	Percent of Salary With Weighted Automatic Contribution	\$81.2	\$153.2	\$88.2	\$166.4
2	Percent of Salary Dollar-for-dollar	72.9	137.8	81.7	154.3

Source: Department of Legislative Services

- **Reinstating a Flat Dollar-for-dollar Match:** The State could provide a flat dollar match similar to what was provided through fiscal 2009 when the State offered up to \$600 per employee. Options include restoration of the \$600 match, provision of a \$750 match (which would better position employees to raise 10% of their retirement need), or a \$1,000 match in recognition that Maryland has a higher cost of living, and employees frequently do not save consistently for 30 years of service. **Exhibit 9** shows the estimated cost for each option, based on participation at the level last seen when the State funded the matching program and up to 100% participation.

**Exhibit 9**  
**Estimated Costs for Flat Dollar-for-dollar State Match Scenarios**  
(\$ in Millions)

<u>Scenario</u>	<u>Matching Contribution</u>	<u>51.5% Participation Cost</u>		<u>100% Participation Cost</u>	
		<u>General Funds</u>	<u>All Funds</u>	<u>General Funds</u>	<u>All Funds</u>
1	\$600 annually	\$9.2	\$17.6	\$17.9	\$34.1
2	\$750 annually	11.5	22.0	22.4	42.7
3	\$1,000 annually	15.4	29.3	29.9	56.9

Source: Department of Legislative Services

- ***Implementing Automatic Enrollment with or without a Matching Contribution Component:*** Implementing automatic enrollment would require a change in State statute. Estimated costs to implement such a change are not known at this time but would most likely require changes in human resources' and MSRP's procedures and training.

## **Conclusion**

Providing a percent of salary match combined with automatic enrollment would yield the best results in regard to improving how many employees are saving and how much employees are saving for retirement. Providing a flat dollar-for-dollar match would be the next best option and less financially prohibitive than a salary percent match. Implementing automatic enrollment without providing matching contributions would be the least costly option and would improve employee participation in supplemental retirement savings but does not necessarily encourage an employee to save a sufficient amount of money to ensure a comfortable retirement, the way financial inducements would.

**DLS requests MSRP to comment on the feasibility of implementing a percent of salary match, a flat dollar-for-dollar match, and automatic enrollment and offer recommendations to both improve State employee participation in supplemental retirement plans and overall savings to increase retirement preparedness.**



***Recommended Actions***

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1. Concur with Governor's allowance.

## Updates

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### 1. Calendar 2017 Board Asset Fee Holiday Potential

In recent years, a run up in financial markets and a windfall payment from a legal settlement agreement caused MSRP revenues to increase at a much faster pace than its expenditures. This created substantial fund balances well in excess of the board's target of 25.0% of its operating expenses. The board responded with fee holidays that affected revenues from fiscal 2013 to 2016, as shown in **Exhibit 10**. MSRP is supportive of another fee holiday in fiscal 2017 if plan assets continue to rise, but a fee holiday has not been decided at this time. The board has considered lowering the board asset fee from 0.05% given recent repeated fee holidays but has decided to hold the issue given that fiscal 2016 fund balances closed out at 11.7% of operating expenses, not reaching the 25.0% target.

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**Exhibit 10**  
**Assets and Participating Fees**  
**Fiscal 2014-2017 Est.**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017 (Est.)</u>
Invested Assets (\$ in Billions)	\$3.33	\$3.42	\$3.38	\$3.51
<b>Plan Administrator Fees</b>	<b>\$3,093,325</b>	<b>\$3,291,519</b>	<b>\$2,807,945</b>	<b>\$3,037,602</b>
As Percent of Assets	0.09%	0.09%	0.09%	0.09%
Board Asset Fee	\$922,149	\$1,107,118	\$1,080,654	\$1,719,942
As Percent of Assets <sup>1</sup>	0.03%	0.03%	0.03%	0.05%
\$0.50 Monthly Charge Per Account	\$360,230	\$359,090	\$362,942	\$365,627
One-time Settlement Revenue		\$13,660		\$122,406
<b>Total Board Revenue</b>	<b>\$1,282,379</b>	<b>\$1,479,868</b>	<b>\$1,443,596</b>	<b>\$2,207,975</b>
Operating Expenses	\$1,521,864	\$1,666,333	\$1,673,956	\$1,783,072
Carryover Balance	\$613,513	\$427,048	\$196,688	\$621,591
Carryover Balance as Percent of Operating Expenses	40.3%	25.6%	11.7%	34.9%

<sup>1</sup>From fiscal 2013 to 2016, fee holidays have resulted in revenues from board asset fees being less than 0.05%.

Note: Fiscal 2017 board asset fee and monthly charge per account has been extrapolated to account for a full year. These estimates assume no fee holiday and will be impacted by fluctuations in the market and membership.

Source: Maryland Supplemental Retirement Plans; Department of Legislative Services

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

	<b><u>General</u> <u>Fund</u></b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Federal</u> <u>Fund</u></b>	<b><u>Reimb.</u> <u>Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2016</b>					
Legislative Appropriation	\$0	\$1,655	\$0	\$0	\$1,655
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	19	0	0	19
Reversions and Cancellations	0	0	0	0	0
<b>Actual Expenditures</b>	<b>\$0</b>	<b>\$1,674</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,674</b>
<b>Fiscal 2017</b>					
Legislative Appropriation	\$0	\$1,769	\$0	\$0	\$1,769
Cost Containment	0	0	0	0	0
Budget Amendments	0	14	0	0	14
<b>Working Appropriation</b>	<b>\$0</b>	<b>\$1,783</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,783</b>

Note: Does not include targeted reversions, deficiencies, and contingent reductions. Numbers may not sum to total due to rounding.

**Fiscal 2016**

The budget for the Maryland Supplemental Retirement Plans (MSRP) increased \$19,000 in fiscal 2016 due to a budget amendment allocating a 2% salary adjustment that was reduced in Section 20 of the fiscal 2016 budget bill but reauthorized in Section 48 of the same bill, per legislative intent.

**Fiscal 2017**

The fiscal 2017 working appropriation for MSRP increased by \$14,000 in special funds to reflect a budget amendment allocating employee increments.

**Appendix 2  
Object/Fund Difference Report  
Maryland Supplemental Retirement Plans**

<u>Object/Fund</u>	<u>FY 16 Actual</u>	<u>FY 17 Working Appropriation</u>	<u>FY 18 Allowance</u>	<u>FY 17 - FY 18 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	13.00	13.00	13.00	0.00	0%
<b>Total Positions</b>	<b>13.00</b>	<b>13.00</b>	<b>13.00</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 1,229,739	\$ 1,271,219	\$ 1,235,948	-\$ 35,271	-2.8%
02 Technical and Spec. Fees	0	3,850	3,850	0	0%
03 Communication	10,419	24,344	25,233	889	3.7%
04 Travel	20,810	21,074	25,074	4,000	19.0%
07 Motor Vehicles	11,750	11,760	11,760	0	0%
08 Contractual Services	249,880	288,071	300,768	12,697	4.4%
09 Supplies and Materials	9,793	12,408	15,408	3,000	24.2%
10 Equipment – Replacement	696	3,500	4,909	1,409	40.3%
11 Equipment – Additional	0	5,976	5,976	0	0%
13 Fixed Charges	140,869	140,870	144,864	3,994	2.8%
<b>Total Objects</b>	<b>\$ 1,673,956</b>	<b>\$ 1,783,072</b>	<b>\$ 1,773,790</b>	<b>-\$ 9,282</b>	<b>-0.5%</b>
<b>Funds</b>					
03 Special Fund	\$ 1,673,956	\$ 1,783,072	\$ 1,773,790	-\$ 9,282	-0.5%
<b>Total Funds</b>	<b>\$ 1,673,956</b>	<b>\$ 1,783,072</b>	<b>\$ 1,773,790</b>	<b>-\$ 9,282</b>	<b>-0.5%</b>

Note: Does not include targeted reversions, deficiencies, and contingent reductions.