



# Retirement News Highlights

Friday, August 13, 2021

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## State Pension System Reports Record-Setting Earnings

Kevin Kinnally

**Conduit Street**

August 12, 2021

***Fund grows more than \$13 billion to nearly \$68 billion.***

The Board of Trustees of the Maryland State Retirement and Pension System (MSRPS) announced that its portfolio returned a record-setting 26.7%, net of fees, on investments for the fiscal year that ended June 30, 2021.

The fiscal year earnings far exceeded the System's 7.40% assumed actuarial return rate and surpassed its policy benchmark of 24.41 by 230 basis points. In addition, the fund's performance raised the System's assets to \$67.9 billion, an increase of \$13.3 billion over the prior fiscal year.

### MSRPS Asset Performance for Fiscal Year 2021

Asset Class	Asset Allocation	Asset Return	Benchmark	Excess
Private Equity	17.1%	51.85%	53.13%	-1.28%
Public Equity	35.6%	44.54%	40.52%	4.02%
Real Assets	11.2%	14.81%	16.30%	-1.49%
Absolute Return	8.7%	15.51%	15.72%	-0.21%
Credit	9.2%	14.36%	12.82%	1.53%
Rate Sensitive	15.9%	-2.53%	-3.91%	1.37%
Multi Asset	1.0%	24.11%	24.41%	-0.31%
Cash	1.4%	0.13%	0.08%	0.05%
<b>Total</b>	<b>100.0%</b>	<b>26.69%</b>	<b>24.42%</b>	<b>2.27%</b>

*Source: MSRPS*

The fund's performance over 10-year, 5-year, 3-year, and 1-year periods is above the 7.4% return assumption at 8.2%, 10.7%, 11.8%, and 26.7%, respectively.

Half of Maryland's counties participate in the State's pension system, and the other half support their employees through local pension systems.

"It was an extraordinary year for the performance of System assets, the best in 35 years," said Andrew C. Palmer, Chief Investment Officer. "The attractive investment opportunities provided by the pandemic and subsequent monetary and fiscal policy responses are apparent in the rearview mirror but were not always clear in real-time. Fortunately, working with the Board and the investment staff, the System was able to fully participate in the very strong returns available in most markets. Importantly, the System maintained its moderate risk posture and portfolio implementation, resulting in impressive risk-adjusted returns as well."

### ***Board Reduces Actuarial Assumed Rate of Return***

The Board also voted to reduce the System's actuarial assumed rate of return on its investments from 7.40% to 6.80%. The System's lower rate will become effective July 1, 2022.

"The Board is committed to improving the strength of our retirement System and sustaining the State's promise of a secure retirement for its members," said State Treasurer Nancy K. Kopp, Chair of the MSRPS Board of Trustees. "The Board has taken this action in recognition of ongoing changes in the financial markets, even as the System continues to achieve the investment returns required over the long term."

The Board based its decision upon an analysis by its actuary, Gabriel Roeder Smith & Company (GRS).

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## **Stock market rally helps add \$20B to Virginia's pension fund**

Jeff Clabaugh

**WTOP**

August 12, 2021

The Virginia Retirement System reports its investment portfolio topped \$100 billion for the first time in its history in fiscal year 2021, and it was largely thanks to the surging stock market.

Virginia's pension account gains were similar to those reported by the Maryland State Retirement System.

For fiscal 2021, which ended June 30, VRS investments had an annual return of 27.5%, net of fees, pushing its portfolio total to \$101.8 billion, or \$20.2 billion more than it ended fiscal 2020. VRS investments in publicly traded stocks saw an annual fiscal year return of 41%. Its private equity investments saw an annual return of 54.1%.

About 37% of Virginia's pension portfolio was in public equity in fiscal 2021, its largest position.

The fiscal 2021 return was well above its annual assumed rate of return of 6.75%.

“We were in position to take advantage of conditions in the public equity, private equity and private credit arena, as well as our other asset classes. We also kept focus on our long-term investment strategy, pursuing broad opportunities and optimal returns while balancing risk to deliver high value to the fund,” said Chief Investment Officer Ronald Schmitz.

Virginia just slightly bested Maryland’s pension fund return for fiscal 2021 of 26.7%, which was also well above its assumed annual return of 7.4%. Its portfolio had a similar share of public equity holdings, at 36%.

The Virginia Retirement System is responsible for investing pension funds for 742,000 active and inactive members, retirees and beneficiaries. The Maryland Retirement System covers 415,000 current and future retirees and their beneficiaries.

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## Retire in Maryland? Works for me. | READER COMMENTARY

**FOR THE BALTIMORE SUN**

August 11, 2021

I was astounded to read that Maryland was recently ranked the worst state in the nation for retirement by a Bankrate study (“Maryland retirement: Is it really the worst in the nation?” July 23).

In addition to the factors listed in the Sun’s editorial that make Maryland a great place for retirees, I would add the following: top-rated medical care, a temperate climate with four distinct seasons, interesting and varied terrain with easy access to the ocean, many historical sites, splendid arts organizations and excellent educational institutions. One of these, Notre Dame of Maryland University, has made my retirement so much better than it might have been by sponsoring the Renaissance Institute, a lifelong learning program.

In addition to offering many in-person and online courses (many peer-taught), the Renaissance Institute offers many social gatherings in the summer and winter, all planned and carried out by its members. In that way, I have met many interesting and friendly people. This, in turn, has helped me stay in my home because I don’t need to be part of a retirement community to have an active social life.

Nothing could convince me to move away from the great (and reliably blue) state of Maryland!

**Page Campbell, Towson**

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