



Retirement News Highlights

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Maryland Lawmakers To Seek Pension Divestment From Russia

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ANNAPOLIS, Md. (AP) — Maryland lawmakers will introduce legislation to direct the state's \$70 billion pension system to divest its relatively small and rapidly declining assets in Russia in response to the war in Ukraine, a legislator said Thursday.

Del. Brooke Lierman, who is the co-chair of the General Assembly's Special Joint Committee on Pensions with Sen. Sarah Elfreth, discussed plans for the legislation in an interview after a committee hearing with state pension system officials, who gave an update on the system.

"After discussions with the state retirement and pension system, we are drawing up legislation that would direct the board of trustees to review our investment holdings in Russian accounts for the purposes of divestment," said Lierman, a Baltimore Democrat.

Martin Noven, the executive director of the Maryland State Retirement and Pension System, said the system had \$197 million in assets in Russian securities at the beginning of last month. That represented about one-third of 1% of its portfolio.

The amount has dropped from both divestment activities and devaluations to about \$32 million, Noven said at the hearing. Of that, \$7 million is actively managed in accounts that the state controls, and about \$600,000 is in federally sanctioned companies.

"We've been working hard to divest from the entire portfolio," Noven said. "As we're looking at our investments, obviously, we were able to get ahead of the market on a number of them and doing some divestment activity before the invasion occurred."

Lierman said that the estimated value of Maryland assets had fallen to \$28 million by the end of Thursday's meeting.

"The point is that we have to do our very best to safeguard our retirees' investments, and because of Vladimir Putin's actions, I think it is no longer safe for us to take the risk of having money in Russian assets, and in addition we want to signal to fellow pension funds and the world that we support the democratically elected government in Ukraine," Lierman said.

Both Gov. Larry Hogan and Comptroller Peter Franchot have called on the state's pension system to divest from Russia.

Noven said the pension system is not able to manage those assets in divestment as efficiently as with Sudan and Iran, because in 2008 lawmakers empowered the panel to do more to divest from those

companies. Noven said that law is helping now, because some of those companies now represent interests in Russia they are looking to divest from.

Still, legislation regarding Russia would help, Noven said, because the pension system wants its investors to be “color-blind when it comes to these types of policy issues” and just focus on making returns to serve members.

“In the exceptional situation where the General Assembly concludes that action is appropriate, we would prefer to have it in the form of legislation, so that we have a clear directive,” Noven said at the hearing.

Trustees of the system are legally obligated to act in the interest of pension participants.

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