



THE MATCH IS BACK!

For FY 2006 (July 1, 2005 to June 30, 2006) the match to employee contributions to the 401(k), 457 and 403(b) has been funded for up to \$400. This means that for every dollar you contribute in FY 2006, the state will contribute a dollar on your behalf until the maximum of \$400 is reached. With each new fiscal year, the match starts again at the level funded in the state budget.

Who is eligible for the match?

To be eligible for the match under current law, you must be a state employee and a member of the State Employees "Modified" Pension System (employees 2% system). You are a member of the modified pension system if the abbreviation ST EMP PEN-MOD appears under your deductions on your paycheck stub.

You also must make contributions to one of three supplemental retirement plans sponsored statewide to get the match. All state employees are eligible for the 457 and 401(k) plans. State employees whose work assignments are within state educational institutions also are eligible for the MSRP 403(b) plan. *(Note: Higher education state employees eligible for the match may also select a 403(b) plan from alternate providers. For more information, please contact your employee benefits office or your supplemental retirement account provider.)*

To get the full \$400 match for FY 2006, you will need to contribute about \$16 per biweekly pay, assuming 26 pay periods. Full-time, part-time, and contractual employees may participate in the supplemental retirement plans but only state employees in the state employees modified pension plan will get the match.

Where does the state match money go?

A separate plan, called the 401(a) Match Plan, is set up for you. The state's contributions are then deposited into your account under this plan. The state's contributions appear on the left side of your pay stub under state paid benefits. It will read, "Match to MSRP." Your 401(a) account will appear on your quarterly statement from NRS.

If you do not specify where you want your 401(a) money invested, the allocations to your 401(a) plan will be directed to the same investment options as your 457, 401(k), or 403(b) contributions. **Changes to your 401(a)**

account must be made separately from those of your other accounts. You can make an exchange or allocation change by calling the NRS Customer Service Center at 1-800-545-4730, or by visiting the NRS web site at www.MarylandDC.com.

If I am not participating in the state supplemental retirement plans, what do I need to do to get the match?

You need to enroll in one of the three supplemental retirement plans sponsored by the state. To enroll, call the Enrollment Hotline at 1-877-628-2499 or go to www.MarylandDC.com. Your 401(a) plan account will be established at the time you enroll. And by the way, there is no need for new employees to wait before using the supplemental retirement plans.

To Enroll

Call the Enrollment Hotline at 1-877-628-2499.

BOARD OF TRUSTEES ELIMINATES

T. ROWE PRICE INTERNATIONAL STOCK FUND

The MSRP Board of Trustees – using the services of investment consultant Segal Advisors – voted to eliminate the T. Rowe Price International Stock fund from the list of investment options in the 457, 403(b), 401(k) and 401(a) plans

IMPORTANT DATES TO REMEMBER:

- On July 29, 2005, T. Rowe Price International Stock Fund was eliminated from the plans. If you currently have contributions directed to this fund, or you have existing money in the fund, you will need to re-direct that money to a different investment option within the plan. Any money still directed to the T. Rowe Price International Stock Fund or remaining in the fund on July 29, 2005 was automatically moved to the EuroPacific Growth Fund. **This is your retirement account.** You should take this opportunity to re-direct deferrals and exchange assets into other existing funds.

Fund prospectuses can be obtained by calling customer service at 1-800-545-4730. Before investing, carefully consider the fund's investment objectives, risks, and charges and expenses. The fund prospectus contains this and other important information. Read prospectuses carefully before investing. Investing involves market risks, including possible loss of principal. There is no guarantee that any fund's investment objective(s) will be achieved. Some mutual funds may impose a short-term trade fee. Read the prospectus carefully.

NEW MSRP EXECUTIVE DIRECTOR

Michael T. Halpin, CRC, CRA, was named Executive Director for the Maryland Teachers & State Employees Supplemental Retirement Plans (MSRP) in December 2004. For most of his 14-year tenure at MSRP, he served as the deputy executive director. During that time, the number of supplemental retirement plan accounts for employees tripled, and the value of assets quadrupled.

Halpin was designated a Certified Retirement Counselor (CRC) and a Certified Retirement Administrator (CRA) by the International Foundation for Retirement Education in May 2000.

Prior to his position with the MSRP, Halpin worked in the Maryland Department of Human Resources for a combined fourteen years in various capacities related to legislation, audits and general administration. He also spent a short time in financial services with a major insurance company. He was born, bred and schooled in the Baltimore area. Mike and wife Grace, and three sons, reside in northeast Baltimore.

WHO'S WHO ON THE MSRP BOARD

The Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans was created in 1985 to administer the state's supplemental retirement plans. The nine members of the Board are appointed to four-year terms by the Governor, who also names the chair, currently Mr. Frederick Puddester. The Board appoints an Executive Director and staff and together serve the interest of eligible plan participants. Working to meet the retirement needs of plan members and State employees is the principal driver in all decision making for the plans.

MSRP Board meetings are held at least quarterly. If you wish to provide input or to attend a meeting, please email the agency (info@msrp.state.md.us) or call 1-800-543-5605 with your request.

There are currently two openings on the Board.

Meet the Board.



Mr. Frederick W. Puddester, Chair (1999). Executive Director of Budget and Financial Planning and Analysis of the Johns Hopkins University. Former Secretary of the Maryland Department of Budget and Management with 21 yrs of State service.



Mr. Stephen M. Cordi, Esq. (2005). Maryland's Deputy Comptroller since 1994. An attorney and certified public accountant, he is primarily responsible for Maryland's tax administration, and has over 30 years experience in State service.



The Honorable Cecilia Januskiewicz, Esq. (2005). Secretary of the Department of Budget and Management. Previously Deputy Secretary and Principal Counsel/Assistant Attorney General to the same for 17 years. A former private practice attorney with Piper Marbury; Garbis, Marvel and Junghans; and Melnicove, Kaufman, Weiner, Smouse and Garbis, Ms. Januskiewicz currently serves on many state boards and task forces.



Mr. Dennis Bell (2007). Director of Finance for Maryland's Mass Transit Administration. Mr. Bell has worked in public service for 29 years in accounting, finance and transportation administration.



The Honorable Nancy K. Kopp (2007). Maryland's State Treasurer since 2002. Ms. Kopp manages the Office of the State Treasurer and its divisions and is the state's chief representative in dealing with financial rating agencies and investment banking firms. She serves on the Board of Public Works, as Vice Chair of the Board of Trustees of the Maryland Retirement and Pension Systems, as Chair of the Maryland College Investment Trust and on the Boards of the Health and Higher Education Financing Authority and the Maryland Agricultural Land Preservation Board. Treasurer Kopp previously served 27 years in the Maryland House of Delegates.



Mr. William W. Whitescarver, CRC, CRA (2008). Vice President of Century Business Services, Inc. (CBIZ) in Hunt Valley, MD. Mr. Whitescarver has extensive private sector experience of over 35 years in retirement and benefit plan administration and consulting. He is a Registered Investment Advisor and Consultant and a Certified Retirement Counselor and Administrator.



Ms. Marcia Zercoe (2008). Former investment manager, for 17 years, with 1838 Investment Advisors, Provident Capital Management, The Baltimore Life Insurance Company, and Mercantile Safe Deposit and Trust Company. Ms. Zercoe specialized in strategy and policy for fixed income investments. Six years served on the Board of Directors for the Towson University Foundation in the positions of Vice President, Treasurer, and chair of the Investment Committee.

DREYFUS REPLACES INVESCO IN MIDCAP LINEUP

The MSRP Board of Trustees voted to add the Dreyfus Midcap Index fund to the list of investment options in the 457, 403(b), 401(k) and 401(a) plans. At the same time, the Board eliminated the INVESCO Dynamics Fund as an investment option. Any money that remained in that fund on February 25, 2005 was automatically redirected to the Dreyfus Midcap Index Fund.

The objective of the Dreyfus fund is to match the performance of the S&P Midcap 400 Index. The Fund generally invests in all 400 stocks in the S&P 400 Index in proportion to their weightings in the index. Each stock is weighted by its market capitalization which means larger companies have greater representation in the S&P Mid Cap 400 Index than small ones.

The Fund's performance through March 31, 2005 is: 1 year, 9.91%; 5 year, 6.33%; and 10 year, 14.53%. Keep in mind that past performance is no guarantee of future performance. To find the Dreyfus Midcap Index Fund in the newspaper, look under the Dreyfus family of funds for the abbreviation "DreyMid". The ticker symbol for the fund is PESPX. The fund participates in MSRP's Mutual Fund Reimbursement Program, so a portion of the 0.5% operating expense for the fund will be returned to participants who invest in the fund. Before investing consider the fund's investment objectives, risks, and expenses. To obtain a copy of the fund prospectus or change your investments call 1-800-545-4730.

MARYLAND SUPPLEMENTAL RETIREMENT PLANS CONTINUE TO GROW STRONG!!

The past several years have been marked by economic uncertainty—for individuals, for the state, and for the country. But, through it all, MSRP participants have stayed the course by continuing to invest in the supplemental retirement plans at unprecedented numbers. MSRP now has more than 65,000 participant accounts, yielding an 80 percent participation rate, the highest among state defined contribution plans. As of December 2004, assets in the 457, 401(k), 403(b), and 401(a) match plans reached over \$1.9 billion.

MUTUAL FUND SAVINGS PROGRAM RETURNS NEARLY \$2 MILLION

The Board of Trustees for the Maryland Supplemental Retirement Plans, through successful negotiations, has developed an original and effective Mutual Fund Savings Program for their supplemental retirement plan participants. The Savings Program is designed to refund participants for part of the fund's annual operating expenses. This benefit of the Maryland Supplemental Retirement Plans is not typically offered by other retirement savings programs. At the board's direction, Mutual Fund Savings are used to buy additional shares in the applicable funds on a regular

basis. These shares are then distributed to participants' accounts on a quarterly basis. In 2004, the mutual funds in the MSRP plan refunded nearly \$2 million back to participant accounts, over \$15 million has been returned to MSRP participants since 1995, when the Mutual Fund Savings Program began. State participants can look for their savings on their account statement under the heading "Mutual Fund Savings".

The Mutual Fund Savings Program is part of the continuous effort by The Board of Trustees to make the Maryland Supplemental Retirement Plans affordable and viable for all Maryland State Employees.

CONTRIBUTION LIMITS INCREASE FOR 2005

The Internal Revenue Service (IRS) has announced increased contribution limits for 2004 on contributions to 457, 403(b) and 401(k) plans. Effective January 1, 2005, the dollar limit on contributions to each of these plans is \$14,000. If you participate in the 457 and the 403(b) or 401(k), your maximum dollar limit is \$28,000, combined.

The 457 plan offers a regular catch-up provision that allows you to contribute above the maximum dollar limit to make up for years that you were eligible but did not contribute the maximum. For 2005, the maximum regular catch-up contribution is \$14,000. This catch-up provision is available in the three years prior to Normal Retirement Age.

If you are 50 or older, you are eligible for an additional catch-up provision, available in all three plans. For 2005, the "over 50" catch-up limit is \$4,000. Note that, in the 457 plan, you cannot use the "regular" catch-up and the "over 50" catch-up in the same year, but you could use regular catch-up in the 457 plan and the "over 50" catch-up in the 403(b) or 401(k) plan in the same year.

For help with calculating your personal contribution limit, please contact your Nationwide Retirement Solutions representative at 1-877-628-2499.

MSRP OFFERING NEW PERSONAL FINANCE SEMINAR

MSRP is hosting a series of Personal Finance Seminars for all State of Maryland Employees with 5 to 20 years of State service. These Seminars will cover important topics to help State Employees make sound financial decisions. The topics include: **Your Financial Check-up** (covers personal budgeting, debt reduction, identity theft and insurance needs – presented by the Maryland Cooperative Extension. **Your Pension System** – presented by the MD State Retirement Agency **Investing Basics** – presented by Nationwide Retirement Solutions. **Supplemental Retirement Plans Overview** – presented by MSRP

The seminars are from 8:45a.m. to 3:30 p.m. To request a Fall 2005 schedule, please call Janet Wilt at (410)767-8742.

2004 BENEFIT COORDINATOR ACADEMY

The Board of Trustees for the Maryland Teachers and State Employees Supplemental Retirement Plans extend their gratitude to the state of Maryland's Benefit Coordinators that attended 2004's Coordinator Academy which proved to be a huge success once again. The academies are conducted to provide coordinators with a day of education and training with respect to the financial industry and supplemental retirement saving. The board was proud to report more than 50 Benefit Coordinators in attendance and several positive reviews were received after the daylong session. MSRP staff in their usual fashion served as a team as Anna Marie Smith along with Jacquetta Robinson and Lil Jones assisted in preparing materials and registration for the event. Rick Arthur, Director of Technology, is helpful with providing technical support for the speakers all of which helps the event run smoothly.

The day started with an opening from Louis Holcomb, Director of Participant Services provided welcoming remarks and outlined the day's events. Keynote speaker Bill Melinat from the American Funds followed and gave a detailed and thorough presentation about mutual fund investing. It should be noted that newly appointed MSRP Board of Trustee, Mr. William W. Whitescarver, was in attendance for the academy as well.

The two morning concurrent sessions: MSRP plan overview presented by Julia Graham, MSRP Field Representative and a presentation on managing personal finances by Barry Zellers from Nationwide Retirement Solutions. After a sponsored lunch, the afternoon sessions began. Joe Bouffard, MSRP Financial Specialist, spoke about investment fundamentals while Kevin Bress from Hodes, Ulman, Pessin, & Katz lectured about estate planning preparations.

EDUCATION CAN COME TO YOU!

In addition to participating in the all-day Pre Retirement Seminars offered through the State Retirement Agency and the Personal Finance Seminar (see the description in the newsletter) MSRP offers several other opportunities to learn about saving for retirement and the basics of investing on your own. If you are interested in having any of our programs come to your worksite, please call **Louis Holcomb**, Director of Participant Services at MSRP at 410-767-8740. It's helpful if you can provide us with the name and phone number of your benefit coordinator or training director when you call.

Orientation Seminar. This seminar is excellent for new state employees or those not currently participating in a retirement plan. It covers the characteristics of the 457 Deferred Compensation Plan, the 403(b) Tax Deferred Annuity Plan, the 401(k) Savings & Investment Plan. The seminar explains enrollment procedures, eligibility requirements, investment options, fee structure and distribution requirements. The length of the seminar varies from 30 minutes to one hour.

Financial Seminar 101. This detailed seminar explains the principles of investing, types of investments, factors in making investment decisions, investment resources, saving for college, estate planning and retirement plans. It assists employees with locating, evaluating and understanding financial data. The seminar is five hours, but can be offered in split sessions to accommodate scheduling. Specific topics can also be chosen. The short version (which covers just the investment portion) is 2 ½ hours.

Understanding Your Supplemental Retirement Plans. This seminar covers the supplemental retirement plans and is intended for early or mid-career employees. It focuses on investment options and how much one should be saving for retirement. The length of this seminar is one hour.

Pre-Retirement Seminar. The seminar is intended for those considering retiring within 7 years and covers the three supplemental retirement plans. It focuses on the choices at retirement, catch-up, asset allocation for retirement and distribution options. The length of the seminar is one hour.

Exploring MSRP Investment Options. This seminar focuses on the investment options available under the Maryland supplemental retirement plans. It also covers investment objectives and asset allocation models. The length of this seminar varies from 30 to 45 minutes but also can be combined with another seminar.

Informational Booth. This is a great opportunity for employees to ask individual questions concerning their plans. A field representative sets up a table in the agency and provides information on the plans. All discussions are done on a private, confidential basis. This is a helpful option when a specific time commitment may be challenging. Time may vary.

One-on-One Counseling. These sessions are designed to educate employees regarding the options available in the Maryland Supplements Retirement Plans, not to provide recommendations of which plan or investments options you should choose. We will discuss with you the importance of asset allocation and diversification in reducing risk, and will review your current portfolio with you. We will try to answer any questions you have about the plans, including: differences between the plans, background information on the investment options, how compounding helps you, how to read your statement, and options and requirements for withdrawing money from the plans. We will also provide you with enrollment assistance. We will focus each session on the participant's needs and concerns. Appointments are for 30 minutes and provide an opportunity for more in-depth discussion than the Information Booth.

MSRP E-NEWS

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