

# STATE OF MARYLAND



## Request for Proposals

### PLAN ADMINISTRATOR FOR SUPPLEMENTAL RETIREMENT PLANS (Administrative, Accounting And Participant Services)

Solicitation No. G50R3400001



### BOARD OF TRUSTEES MARYLAND TEACHERS & STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

Issue Date: July 11, 2012  
(with email address corrections dated July 19, 2012 on Attachments D-4, D-5, E)

#### NOTE

Prospective Offerors who have received this document from the Maryland Supplemental Retirement Plans web site ( [www.MSRP.maryland.gov](http://www.MSRP.maryland.gov) ) or [eMarylandMarketplace.com](http://eMarylandMarketplace.com) , or who have received this document from a source other than the Procurement Officer, and who wish to assure receipt of any changes or additional materials related to this RFP, should immediately contact the Procurement Officer and provide their name and mailing address so that amendments to the RFP or other communications can be sent to them.

**Minority Business Enterprises are encouraged to respond to this solicitation**

**STATE OF MARYLAND  
NOTICE TO OFFERORS/CONTRACTORS**

In order to help us improve the quality of State proposal solicitations, and to make our procurement process more responsive and business friendly, we ask that you take a few minutes and provide comments and suggestions regarding the enclosed solicitation.

Please fax this completed form to: 410-659-0349 to the attention of Mr. Richard Arthur.

Solicitation No.: G50R3400001

Title: Plan Administrator for Supplemental Retirement Plans

1. If you have responded with a "no bid", please indicate the reason(s) below:

- Other commitments preclude our participation at this time.
- The subject of the solicitation is not in our business line.
- We lack experience in the work/commodities required.
- The scope of work is beyond our present capacity.
- We cannot be competitive. (Please explain below.)
- The specifications are either unclear or too restrictive. (Please explain below.)
- Bid/Proposals requirements, other than specifications, are unreasonable or too risky.  
(Please explain below.)
- Time for completion is insufficient.
- Start-up time is insufficient.
- Bonding/Insurance requirements are prohibitive. (Please explain below.)
- Doing business with government is simply too complicated.
- Prior experience with State of Maryland contracts was unprofitable or otherwise unsatisfactory.  
(Please explain below.)
- Other: \_\_\_\_\_

2. Please explain your response further, offer suggestions, or express concerns. (Use another page for additional information.)

REMARKS:

---

---

Vendor Name: \_\_\_\_\_ Date \_\_\_\_\_

Contact: \_\_\_\_\_ Phone (\_\_\_\_) \_\_\_\_ - \_\_\_\_\_

Address or Email: \_\_\_\_\_

THANK YOU!!!

KEY INFORMATION SUMMARY SHEET

STATE OF MARYLAND  
Board of Trustees, Maryland Supplemental Retirement Plans  
Request for Proposals

PLAN ADMINISTRATOR FOR SUPPLEMENTAL RETIREMENT PLANS

SOLICITATION NO.: G50R3400001

RFP Issue Date: July 11, 2012

RFP Issuing Office: Maryland Supplemental Retirement Plans

Procurement Officer: Richard A. Arthur  
Office Phone: 410-767-0475  
Fax: 410-659-0349  
E-mail: richard.arthur@maryland.gov

Proposals are to be sent to: Maryland Supplemental Retirement Plans  
6 Saint Paul Street, Suite 200  
Baltimore, MD 21202  
Attention: Richard Arthur

Pre-Proposal Conference: Tuesday, August 7, 2012 at 1:00 PM (Local Time)  
Maryland Supplemental Retirement Plans  
6 Saint Paul Street, Suite 200  
Baltimore, MD 21202

Closing Date and Time: Tuesday, September 18, 2012 at 2:00 PM (Local Time)

Prospective Offerors who have received this document from the Maryland Supplemental Retirement Plans website ( [www.MSRP.maryland.gov](http://www.MSRP.maryland.gov) ) or [eMarylandMarketplace.com](http://eMarylandMarketplace.com), or who have received this document from a source other than the Procurement Officer, and who wish to assure receipt of any changes or additional materials related to this RFP, should immediately contact the Procurement Officer and provide their name and mailing address so that amendments to the RFP or other communications can be sent to them. Contact the Procurement Officer to obtain an electronic file of the RFP in MS Word format.

TABLE OF CONTENTS

Page

<b>SECTION ONE - GENERAL INFORMATION FOR OFFERORS .....</b>	<b>8</b>
1.1    General Information .....	8
1.1.1    MSRP Organization .....	8
1.1.2    RFP Purpose .....	8
1.1.3    MSRP Current Administrator and Conditions.....	9
1.1.4    MSRP Existing Advisors .....	10
1.1.5    MSRP History and General Plan Information.....	10-11
1.2    Abbreviations and Definitions .....	11-12
1.3    Contract Type .....	12
1.4    Contract Duration .....	12
1.5    Issuing Office, Procurement Officer, Contract Manager, Procurement Committee.....	12-13
1.6    Pre-Proposal Conference .....	13-14
1.7    Use of “eMarylandMarketplace” .....	14
1.8    Questions .....	14
1.9    Proposals Due Date .....	15
1.10    Duration of Offer .....	15
1.11    Revisions to the RFP .....	15
1.12    Cancellations; Discussions .....	16
1.13    Oral Presentation .....	16
1.14    Incurred Expenses .....	16

TABLE OF CONTENTS (Continued)

	<u>Page</u>
1.15 Economy of Preparation .....	16
1.16 Protests/Disputes .....	16
1.17 Multiple or Alternative Proposals .....	16
1.18 Access to Public Records Act Notice .....	16
1.19 Offeror Responsibilities .....	17
1.20 Standard Contract Provisions .....	17
1.21 Proposal Affidavit .....	17
1.22 Contract Affidavit .....	17
1.23 Minority Business Enterprises .....	17-18
1.24 Arrearages .....	18-19
1.25 Procurement Method .....	19
1.26 Verification of Registration and Tax Payment .....	19
1.27 False Statements .....	19
1.28 Conflict of Interest .....	19-20
1.29 Living Wage Requirements .....	20-21
1.30 Prompt Payment to Subcontractors .....	21
1.31 References .....	21
1.32 Approval of Subcontractors .....	21
1.33 Compliance with Law .....	21
1.34 Electronic Procurement Transaction .....	21-23
1.35 Acceptance of Terms and Conditions .....	23

TABLE OF CONTENTS (Continued)

	<u>Page</u>
<b>SECTION TWO – OFFEROR MINIMUM QUALIFICATIONS .....</b>	<b>24</b>
2.1 Minimum Qualifications Requirements .....	24
2.2 Size and Experience .....	24
2.3 Licenses .....	24
<b>SECTION THREE – SCOPE OF WORK .....</b>	<b>25</b>
3.1 Description of Required Services .....	25
3.1.1 Plan Administration Services .....	25-26
3.1.2 Enrollment and Participant Services .....	26-27
3.1.3 Plan Operations .....	27-28
3.2 Fee Statement Reports .....	28
3.2.1 Asset Fee Statement Report .....	28
3.2.2 Account Fee Statement Report .....	28
3.3 Description of Optional Services .....	28
3.4 Transition .....	29
3.5 Fidelity Bond .....	29
3.6 Plan and Participant Records .....	29
3.7 Disclosure of Ownership and Financial Information .....	29
3.8 Compliance Program .....	29
3.9 Substitution of Personnel .....	30-33
3.10 Inspection of Place of Business and Books and Records .....	33

TABLE OF CONTENTS (Continued)

Page

<b>SECTION FOUR –PROPOSAL SUBMISSION FORMAT .....</b>	<b>34</b>
4.1 Two Part Submission .....	34
4.2 Proposals .....	34
4.3 Submission .....	35
4.4 Volume I – Technical Proposal .....	35
4.4.1 Transmittal Letter .....	35
4.4.2 Format of Technical Proposal; Required Submissions .....	35
4.4.2.1 Title and Table of Contents .....	35
4.4.2.2 Executive Summary .....	36
4.4.2.3 Response to Scope of Work .....	36
4.4.2.4 Offeror Experience and Capability .....	36-40
4.4.2.5 Subcontractors .....	40-41
4.4.2.6 Staffing Plan, Personnel Qualifications and Professional Experience .....	41
4.4.2.7 Maryland State Government Experience .....	42
4.4.2.8 Conflict of Interest .....	42
4.4.2.9 Financial Capability and Statements .....	42
4.4.2.10 Economic Benefit Factors .....	42-43
4.4.2.11 Summary of Required Technical Proposal Attachments .....	44
4.5 Volume II – Financial Proposal .....	44
<b>SECTION FIVE – EVALUATION CRITERIA AND SELECTION PROCEDURE .....</b>	<b>45</b>
5.1 Evaluation Criteria .....	45
5.2 Technical Criteria .....	45

TABLE OF CONTENTS (Continued)

	<u>Page</u>
5.3 Financial Criteria . . . . .	45
5.4 Reciprocal Reference . . . . .	45
5.5 Selection Procedures . . . . .	46
5.5.1 General Selection Process . . . . .	46
5.5.2 Selection Process Sequence . . . . .	46
5.6 Award Determination . . . . .	46

**ATTACHMENTS** (listed below)

- A. Model Contract and Standard Contract Terms
- B. Bid/Proposal Affidavit
- C. Contract Affidavit
- D. Minority Business Enterprise Participation
- E. Pre-Proposal Conference Response Form
- F. Financial Proposal Instructions and Form
- G. Conflict of Interest Affidavit/Disclosure
- H. Living Wage Requirements
- I. Living Wage Affidavit
- J. Plan Financials
- K. Schedule of Typical Employee Presentations
- L. Plan Administrator Reports
- M. Transition Responsibility for Existing TPA
- N. Participant Communications Examples

**STATE OF MARYLAND  
BOARD OF TRUSTEES  
MARYLAND TEACHERS & STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS  
REQUEST FOR PROPOSALS**

**SECTION ONE - GENERAL INFORMATION FOR OFFERORS**

**1.1 General Information**

This Request for Proposals (RFP) is divided into five sections. Section one gives general information and requirements, section two describes the minimum qualifications necessary to respond, section three specifically describes the services requested and the miscellaneous conditions applicable thereto, section four contains the detailed request for specific information that Offerors are required to submit in response to this RFP, and section five details the evaluation and selection procedure used to award the contract.

**1.1.1 MSRP Organization**

The Board of Trustees of the Maryland Teachers & State Employees Supplemental Retirement Plans (the "Board") is an independent agency created under Title 35 of the State Personnel and Pensions Article of the Maryland Code. The Board has general oversight authority and responsibility for certain tax-favored defined contribution plans for State employees: the 457(b) Plan; the 401(k) Plan; the 403(b) Plan; and the 401(a) Matching Plan. Recent financial statements of each Plan are included as ATTACHMENT J, and the Plans are generally described below in Section 1.1.5. Additionally the Board of Trustees retains responsibilities for the selection of investment products, replacement of money managers as needed, and acts upon all policy matters as required by their fiduciary responsibility.

The Board has appointed an executive director and a staff of twelve employees. The Board does not directly administer the plans. Its executive director and staff conduct general supervisory activities of administrators, advisors or accountants that are hired, and conduct general educational efforts for State employees concerning the benefits of plan participation.

**1.1.2 RFP Purpose**

The purpose of this RFP is to procure, through competitive sealed proposals, professional and superior-level services of a single, independent Plan administrator for all four Maryland state sponsored supplemental retirement savings plans—to perform general record-keeping, marketing, enrollment, transaction processing and other administrative and technical services for the Plans, under the terms and conditions as set forth below, effective January 1, 2013.

This solicitation is not a search for, and does not seek proposals for, specific investment products to be offered to Participants. Entities with specific investment offerings are encouraged to submit such proposals at any time, in writing, directly to the MSRP Board of Trustees, Attn: Investment Committee, where all such proposals receive serious and diligent consideration.

### **1.1.3 MSRP Current Administrator and Conditions**

The Board currently has a contract with Nationwide Retirement Solutions, Inc. (“NRS”, a wholly owned subsidiary of Nationwide Corporation, of Columbus, Ohio) to administer the Plans, and this contract expires December 31, 2012. All funds to pay for administrative services are collected from State employees participating in the Plans; by statute no State funds are appropriated or expended for this purpose. Participant accounts are now charged 19 basis points, with 14 basis points paid to the third-party administrator (NRS) under the expiring contract, and 5 basis points paid to the Board for the balance of administrative costs. All such charges are capped, so that no participant account is charged more than \$2,000 per year in any one Plan. Note that since May 2010 the Board has directed the TPA to collect fifty cents per month from each 457(b), 401(k) and 403(b) account exceeding \$500, and remit the sum monthly to MSRP.

NRS has not advised upon this RFP, or been consulted or informed with respect to its substance or detail.

The Offeror shall agree as part of the contract that neither it nor its agents or employees will receive compensation or other benefit from any source other than from the Board of Trustees solely in connection with the Contract, and specifically that it will not receive any such compensation from any investment provider under the Plan, directly or indirectly, by commission or otherwise. Thus, while an Offeror may conduct separate transactions and arrangements with entities offering investments to the Plans, and receive compensation therefore, all such activity must be totally independent of the Plans.

Conflicts created by existing investments will not disqualify vendors so long as the vendor is willing to cut-off future deferrals or exchanges into that investment upon its assumption of administrative responsibility under the Contract.

Vendors shall note that selection as administrator will not grant any specific or vested right in the assets of any Plan, that such assets shall in all events be held by the Plans and associated trusts, and that the administrator shall function solely as agent for the Board of Trustees. Selection as administrator will not grant any right or profit from use of annuity contracts of affiliated companies for the payment of Plan distributions.

Vendors shall also note that the Contract will restrict the vendor from using the information obtained as Plan administrator to sell other financial products to State employees, or to refer such employee/Participant data to other entities, unless specifically authorized by the Board.

Entities whose primary experience is in performing full service administration that is tied to investments offered or managed by their affiliated companies are encouraged to respond to this RFP, so long as they are willing to function solely as an independent administrator for these Plans. Entities that currently offer or manage (or are affiliated with entities that offer or manage) investments currently offered to Participants will be required to freeze Participant participation in a particular affiliated investment, so as not to disqualify a selected administrator.

#### **1.1.4 MSRP Existing Advisors**

The Board has a contract with Segal Advisors (Segal) for general pension consulting and investment advisory services through October 2014. Segal also previously performed such services for the Board from 2001 to 2006. Segal may offer advice, recommendations or opinions with respect to the RFP.

The Board of Trustees also has an investment manager contract with Deutsche Asset Management (“Deutsche”) under which Deutsche serves as manager for the Board’s Investment Contract Pool.

Lastly, the Board has a contract with SB & Company, LLC to audit and issue opinions on the financial statements of the supplemental retirement plans through June 2015.

#### **1.1.5 MSRP History and General Plan Information**

The Maryland Plans commenced operation in 1975 with the §457(b) Plan. As of December 31, 2011 the §457(b) Plan had 29,500 participants maintaining active accounts, approximately 16,500 participants currently contributing to the Plan, and \$1.19 billion in invested assets. It is the only §457(b) Plan available for all State employees. There are alternatives only for employees in higher education, as explained below. Employees of local governments are not eligible to participate in the Plan, but instead participate in §457(b) arrangements offered by their local employer, if any. It is contemplated that the administrator selected hereunder will be the exclusive administrator for the statewide §457(b) Plan for State employees during the life of the Contract.

The §403(b) Plan commenced operation in 1987 and the level of participation in recent years has decreased. As of December 31, 2011, there are 930 participants maintaining active accounts, approximately 400 participants contributing to the Plan, and \$64.4 million in Plan assets. Participants in the Plan are generally free during the course of employment to transfer assets to other qualifying §403(b) arrangements administered outside the Plan. Unlike the 457(b) Plan, by statute, the 403(b) Plan may be offered to local jurisdictions upon request of their governing body.

The §401(k) Plan commenced operation in 1991 as a "grandfathered" Plan under the 1986 Tax Reform Act. The §401(k) Plan has approximately 35,100 participants with active accounts, 21,600 participants making current deferrals of salary, and \$1.10 billion in assets. It is contemplated that the administrator selected hereunder will be the exclusive administrator for the §401(k) Plan during the life of the Contract. Under State law the 401 (k) Plan is available to all qualifying State employees including employees in State operated institutions of higher education.

Early in 2011, the MSRP Board amended the 457(b) and 401(k) plans to accept Roth pre-tax contributions. April 1<sup>st</sup> marked the beginning of a statewide communication campaign to encourage Participants to update their contributions and consider the Roth option, and the first Roth contributions commenced. After 11 months, Roth balances in both plans total more than \$1 million.

The Board of Trustees adopted the §401(a) Match Plan on July 1, 1999, pursuant to State Personnel & Pensions Art. Subtitle 32. Under the Match Plan the State contributes a 100% match to the Plan, based on employee contributions to any of the other Plans supervised by the Board of Trustees. Eligibility for the match is determined through membership in the basic pension system for State employees. The maximum matching contribution is \$600 per employee per fiscal year as provided in the State budget. Since July 1, 2009 the Match has been suspended through the budget process, but may be restarted by any approved budget including a Match appropriation. As of December 31, 2011 the Match Plan had about 40,100 accounts and \$139.1 million in assets.

Most payroll contributions are coordinated through the Central Payroll Bureau of the Comptroller's Office, which has statewide payroll responsibility for most of approximately 77,000 State employees eligible for the Maryland Supplemental Retirement Plans, and most of whom are paid biweekly. There are approximately six (6) additional payroll centers, some of which are quite small.

The Board of Trustees follows a general policy of offering substantially similar investment options across all four (4) Plans.

For employees of higher education only, there are a variety of other elective and non-elective §401(a), §403(b), §457(b) arrangements offered by State educational institutions under the authority of the State Personnel & Pensions Art. §30-101 et seq. as part of the Optional Retirement System, which are not subject to oversight or administration by this Board, and are not part of the Contract. The Optional Retirement System is under the authority of the State educational institutions and the State Retirement Agency, and vendors are referred to those entities for related information.

## **1.2 Abbreviations and Definitions**

- (a) ACCOUNT MANAGER means the individual identified by the Contractor as the primary contact for the State in the management of the contract issued pursuant to this RFP.
- (b) BOARD means the Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans.
- (c) COMAR means the Code of Maryland Regulations.
- (d) CONTRACT means the contract resulting from this RFP.
- (e) CONTRACTOR means an organization that is contract with the State to provide services in connection with administering the Plans as described herein.
- (f) FISCAL YEAR means the typical Maryland State government budget cycle of 12 months beginning July 1 and ending the following June 30.
- (g) LOCAL TIME means time in the Eastern Time zone as observed by the State of Maryland.
- (h) MINORITY BUSINESS ENTERPRISE (MBE) means a Minority Business Enterprise that is certified as such by the Maryland Department of Transportation under COMAR 21.11.03.
- (i) MSRP means the Maryland Teachers and State Employees Supplemental Retirement Plans, also referred to as the Maryland Supplemental Retirement Plans.

- (j) OFFEROR means a vendor who responds to the RFP by submitting a proposal to provide the requested services. The words "Offeror", "vendor" and "respondent" are used interchangeably in this RFP.
- (k) PARTICIPANTS means all eligible individuals who are enrolled in the Plans.
- (l) PLANS means the 457(b) Plan; the 401(k) Plan; the 403(b) Plan; and the 401(a) Matching Plan
- (m) PLAN YEAR means the 12 month period beginning January 1 and ending December 31 of the same calendar year.
- (n) RFP means this Request for independent plan administrator services for the Maryland Supplemental Retirement Plans.
- (o) STATE means the State of Maryland.
- (p) SUBCONTRACTOR means an entity that the Offeror plans to utilize for the purposes of services covered under the Contract.
- (q) TPA means a third party administrator, a contractor who processes claims and administers the self-funded plans offered through the program.

### **1.3 Contract Type**

The Contract type shall be an indefinite quantity contract with unit prices of a fixed-price per COMAR 21.06.03.06 A (2).

### **1.4 Contract Duration**

The Contract shall be for a period of five years beginning on or about January 1, 2013 and ending on December 31, 2017. At the discretion of the Board of Trustees, the Contract will include one option to renew for up to 12 months at the same terms as the original five-year period.

### **1.5 Issuing Office, Procurement Officer, Contract Manager, and Procurement Committee**

Board of Trustees, Maryland Teachers and State Employees Supplemental Retirement Plans, William Donald Schaefer Tower, 6 Saint Paul Street, Suite 200, Baltimore, Maryland 21202-1608, Telephone: 410-767-8740. ATTENTION: RFP PLAN ADMINISTRATOR FOR SUPPLEMENTAL RETIREMENT PLANS.

The sole point of contact at the State for purposes of this RFP, prior to the award of any contract, is the Procurement Officer at the address listed below:

Richard A. Arthur  
Procurement Officer  
Maryland Supplemental Retirement Plans  
William Donald Schaefer Tower  
6 Saint Paul Street, Suite 200  
Baltimore, Maryland 21202-1608  
Tel: 410-767-8740  
Fax #: 410-659-0349  
E-mail: richard.arthur@maryland.gov

The individual responsible for day-to-day administration and management of the Contract issued pursuant to this RFP shall be the Contract Manager identified below:

Michael T. Halpin, Executive Director  
Maryland Supplemental Retirement Plans  
6 St. Paul Street, Suite 200  
Baltimore, MD 21202-1608  
Tel: 410-767-8740  
Fax: 410-659-0349  
Email: michael.halpin@maryland.gov

The Board may change the Procurement Officer and/or the Contract Manager at any time during the pendency of the Contract by notice to the Contractor.

The Procurement Officer is the sole point of contact for this RFP, including material to be reviewed by the procurement committee. Offerors should not contact or discuss this RFP with individual members of the procurement committee or any member of the Board. Offerors may check the status of their offer or the procurement as a whole by contacting the Procurement Officer only.

A committee made up of several Board members or designees will review all proposals and make the selection of a vendor to supply the services as stated in this request. The selection will be made under the evaluation criteria and selection procedure set forth in Section 5. In making this evaluation the committee may seek technical assistance from any resource approved by the Procurement Officer, from existing or outside consultants, and from Board staff. Actual selection and contract award, if any, will be made by the full Board, and both are subject to required State approvals, specifically including approval by the State Board of Public Works.

#### **1.6 Pre-Proposal Conference**

A pre-proposal conference will be held on Tuesday, August 7, 2012 beginning at 1:00 p.m., at the offices of the Board of Trustees, Maryland Supplemental Retirement Plans, 6 Saint Paul Street, Suite 200, Baltimore, Maryland 21202.

Attendance at the pre-proposal conference is not mandatory, but all interested Offerors are encouraged to attend in order to facilitate better preparation of their proposals. In addition, attendance may facilitate the Offeror's understanding and ability to meet the State's Minority Business Enterprise (MBE) goals. If your firm plans to send representatives, please call the Issuing Office at least one week prior to the pre-proposal conference date to reserve a space at the conference. If there is a need for sign language interpretation and/or other special accommodations due to a disability, it is requested that at least five (5) days advance notice be provided. MSRP will make reasonable efforts to provide such special accommodation.

The submission of written questions in advance of the pre-proposal conference is encouraged. Potential Offerors should not assume that members of the procurement committee will attend the pre-proposal conference.

The pre-proposal conference will be transcribed. A copy of the transcript of the pre-proposal conference will be made available to potential Offerors at a nominal charge directly from the transcription company. The identity of the company and details of how to obtain a transcript copy will be provided at the conference, and afterwards on request. In addition, as promptly as is feasible subsequent to the conference, a summary of the pre-proposal conference and all questions and answers known at that time will be distributed, free of charge, to all prospective Offerors known to have received a copy of this RFP.

### **1.7 Use of “eMaryland Marketplace”**

Each Offeror must indicate their eMaryland Marketplace (eMM) vendor number in the Transmittal Letter (cover letter) submitted at the time of their Technical Proposal submission to this RFP.

eMaryland Marketplace is an electronic commerce system administered by the Maryland Department of General Services. We use the MSRP web site (<http://www.msrp.state.md.us>), U.S. mail, email and other means for transmitting the RFP, notices and associated materials. We also use eMaryland Marketplace to provide the solicitation and minutes of the pre-bid/proposal conference, Offeror questions and MSRP responses, addenda, and other solicitation related information.

This means that all such information is immediately available to organizations that subscribe to eMaryland Marketplace. Because of the instant access afforded by eMaryland Marketplace, it is recommended that all Offerors interested in doing business with Maryland State agencies subscribe to eMaryland Marketplace. The successful Offeror must register with eMaryland Marketplace prior to contract award. **Registration is free.** Go here to register: <https://emaryland.buyspeed.com/bs/>. Click on “Register” to begin the process and follow the prompts.

### **1.8 Questions**

Prior to the pre-proposal conference, the Procurement Officer will accept written questions from prospective Offerors. If possible and appropriate, such questions will be answered at the pre-proposal conference. (No substantive question will be answered prior to the pre-proposal conference.) Questions may be submitted by mail, facsimile, or preferably, by email to the Procurement Officer. Questions, both oral and written, will also be accepted from prospective Offerors attending the Pre-Proposal Conference. If possible and appropriate, these questions will also be answered at the Pre-Proposal Conference.

Questions will also be accepted subsequent to the Pre-Proposal Conference. All post-conference questions should be submitted in a timely manner to the Procurement Officer only. The Procurement Officer shall, based on the availability of time to research and communicate an answer, decide whether an answer can be given before the proposal due date. Answers to all substantive questions that have not previously been answered, and are not clearly specific only to the requestor, will be distributed to all Offerors who are known to have received a copy of the RFP.

## **1.9 Proposals Due (Closing) Date**

One (1) unbound original and six (6) copies of each proposal (technical and financial) must be received in the Issuing Office no later than **Tuesday, September 18, 2012 at 2:00 PM (local time)** in order to be considered. Two (2) electronic versions on CDs of the Technical Proposal (in Microsoft Word or PDF format) must be enclosed with the original Technical Proposal. Two (2) electronic versions on CDs of the Financial Proposal (in Microsoft Word, Excel, or PDF format) must be enclosed with the original Financial Proposal. Offerors must ensure that the CDs are labeled as either “technical proposal” or “financial proposal” with the RFP title, RFP number and Offeror name, and are packaged with the original copy of the appropriate proposal (technical or financial).

Requests for extension of this date or time will not be granted. Offerors mailing proposals should allow sufficient mail delivery time to ensure timely receipt by the Procurement Officer. Except as provided in COMAR 21.05.03.02F, proposals received by the Procurement Officer after Tuesday, September 18, 2012 at 2:00 PM will not be considered. Proposals may not be submitted by email or facsimile.

Proposals should be directed to:

Maryland Supplemental Retirement Plans  
Richard Arthur, Procurement Officer  
ATTENTION: RFP PLAN ADMINISTRATOR FOR  
SUPPLEMENTAL RETIREMENT PLANS  
William Donald Schaefer Tower  
6 Saint Paul Street, Suite 200  
Baltimore, Maryland 21202-1608

## **1.10 Duration of Offer**

Proposals submitted in response to this RFP are irrevocable for 120 days following the closing date for proposals or of Best and Final Offers (BAFOs), if requested. This period may be extended at the Procurement Officer’s request only with the Offeror’s written agreement.

## **1.11 Revisions to the RFP**

If it becomes necessary to revise this RFP before the due date for proposals, amendments will be posted on the MSRP website and eMarylandMarketplace.com and provided to all prospective Offerors who were sent this RFP or otherwise are known by the Procurement Officer to have obtained this RFP. Amendments made after the due date for proposals will be sent only to those Offerors who submitted a timely proposal.

Acknowledgment of the receipt of all amendments to this RFP issued before the proposal due date must accompany the Offeror’s proposal in the Transmittal Letter accompanying the Technical Proposal submittal. Acknowledgement of the receipt of amendments to the RFP issued after the proposal due date shall be in the manner specified in the amendment notice. Failure to acknowledge receipt of amendments does not relieve the Offeror from complying with all terms of any such amendment.

**1.12 Cancellations; Discussions**

The Board reserves the right to cancel this RFP, accept or reject any and all proposals, in whole or in part, received in response to this RFP, to waive or permit cure of minor irregularities, and to conduct discussions with all qualified or potentially qualified Offerors in any manner necessary whenever this action is determined to be fiscally and generally advantageous to the Plans under Board administration and the Participants. The Board also reserves the right, in its sole discretion, to award a contract based upon the written proposals received without prior discussions or negotiations.

**1.13 Oral Presentation**

Offerors may be required to make oral presentations to State representatives. Significant representations made by an Offeror during the oral presentation must be reduced to writing. All written representations will become part of the Offeror's proposal and are binding if the Contract is awarded. The Procurement Officer will notify Offerors of the time and place of oral presentations. Typically, oral presentations occur approximately three to four weeks after the proposal due date.

**1.14 Incurred Expenses**

The State will not be responsible for any costs incurred by an Offeror in preparing and submitting a proposal, in making an oral presentation, in providing a demonstration, or in performing any other activities relative to this solicitation.

**1.15 Economy of Preparation**

Proposals should be prepared simply and economically, providing a straightforward, concise description of the Offeror's proposal to meet the requirements of this RFP.

**1.16 Protests/Disputes**

Any protest or dispute related respectively to this solicitation or the resulting contract shall be subject to the provisions of COMAR 21.10 (Administrative and Civil Remedies).

**1.17 Multiple or Alternative Proposals**

Neither multiple or alternate proposals will be accepted for this RFP.

**1.18 Access to Public Records Act Notice**

An Offeror should give specific attention to the clear identification of those portions of its proposal that it considers confidential, proprietary commercial information or trade secrets, and provide justification why such materials, upon request, should not be disclosed by the State under the Access to Public Records Act, Title 10, Subtitle 6, of the State Government Article of the Annotated Code of Maryland. (See Section 4.4.2.1)

Information, which is claimed to be confidential, is to be placed after the Title Page and before the Table of Contents in the Offeror's Technical Proposal, and if applicable, also in its Financial Proposal. Offerors are advised that, upon request for this information from a third party, the State will make an independent determination whether the information must be disclosed (see COMAR 21.05.08.01).

### **1.19 Offeror Responsibilities**

The selected Offeror shall be responsible for all products and services required by this RFP. Subcontractors must be identified, and a complete description of their roles relative to the proposals must be included in the Proposal. The selected Offeror retains the responsibility for all work performed by and any deliverable submitted by a subcontractor. Additional information regarding MBE subcontractors is provided in paragraph 1.23 below, Section 4.4.2.9, and ATTACHMENT D.

If an Offeror that seeks to perform or provide the services required by this RFP is the subsidiary of another entity, all information submitted by the Offeror such as, but not limited to, proposed services, description of the Offeror's ability to perform the scope of work, references and financial reports, shall pertain exclusively to the Offeror, unless the parent organization will guarantee the performance of the subsidiary. If applicable, the Offeror's proposal must contain an explicit statement that the parent organization will guarantee the performance of the subsidiary.

A parental guarantee of the performance of the Offeror under this Section will not automatically result in crediting the Offeror with the experience and/or qualifications of the parent under any evaluation criteria pertaining to the Offeror's experience and qualifications. Instead, the Offeror will be evaluated on the extent to which the State determines that the experience and qualification of the parent are transferred to and shared with the Offeror, the parent is directly involved in the performance of the Contract, and the value of the parent's participation as determined by the State.

### **1.20 Standard Contract Provisions**

By submitting an offer in response to this RFP, an Offeror, if selected for award, shall be deemed to have accepted the terms of this RFP and the standard contract provisions, attached as ATTACHMENT A. Any exceptions to this RFP or the Contract must be clearly identified in the Executive Summary of the technical proposal. A proposal that takes exception to these terms may be rejected. (See Section 4.4.2.2)

### **1.21 Proposal Affidavit**

A proposal submitted by an Offeror must be accompanied by a completed Bid/Proposal Affidavit. A copy of this Affidavit is included as ATTACHMENT B of this RFP.

### **1.22 Contract Affidavit**

All Offerors are advised that if a contract is awarded as a result of this solicitation, the successful Offeror will be required to complete a Contract Affidavit. A copy of this Affidavit is included for informational purposes as ATTACHMENT C of this RFP. This Affidavit must be completed and submitted within five business days of notification of proposed contract award.

### **1.23 Minority Business Enterprises**

A Minority Business Enterprise (MBE) subcontractor participation goal of fifteen percent (15%) of the total fees paid to the Contractor has been established for this procurement. The Contractor shall structure its award(s) of subcontracts under the Contract in a good faith effort to achieve the

goal in such subcontract awards by businesses certified by the Maryland Department of Transportation as minority owned and controlled. MBE requirements are specified in ATTACHMENT D of this RFP. The commitment to subcontractors used to meet the MBE goal of this RFP must be identified in the Offeror's proposal.

**Credit for payments to subcontractors will only be given to the Contractor for MBE participation that is directly attributable (ie. directly related) to the services provided under the Contract.**

Questions or concerns regarding the MBE requirements of this solicitation must be raised before the receipt of initial proposals.

Each Offeror shall complete, sign and submit Attachment D-1 (Certified MBE Utilization and Fair Solicitation Affidavit) at the time it submits its technical response to the RFP. **Failure of an Offeror to complete and sign the Attachment D-1 (Certified MBE Utilization and Fair Solicitation Affidavit) at the time it submits its technical response to the RFP will result in the State's rejection of the Offeror's Proposal to the RFP.**

The selected Offeror, once notified of award will be responsible for timely submitting the following forms within 10 business days of receiving notice of award:

D-2 "Outreach Efforts Compliance Statement" provided with Attachment D.

D-3 "Subcontractor Project Participation Statement" provided with Attachment D.

Additional forms will be provided to awardee for monthly MBE compliance reporting.

**An Offeror that does not commit to meeting the entire MBE participation goal proposed and outlined in this Section 1.23, must submit a good faith request for waiver with its proposal submission. See COMAR 21.11.03.11.**

The Contractor and its subcontractors, once awarded a contract, will be responsible for submitting monthly by the 10th day following notice of award the following MBE forms to provide the State with ongoing monitoring of MBE Participation:

D-4 "MBE participation Prime Contract Paid/Unpaid MBE Invoice Report" (Contractor responsibility)

D-5 "MBE Subcontractor/Contractor Unpaid MBE Invoice Report" (Contractor shall follow-up with MBE subcontractors to ensure timely and accurate submission).

A current directory of certified Minority Business Enterprises is available through the Maryland State Department of Transportation, Office of Minority Business Enterprise, 7201 Corporate Center Drive, Hanover, Maryland 21076. The phone number is 410-865-1269. The directory is also available via the Internet at:

[http://www.mdot.maryland.gov/MBE\\_Program/HomePage.html](http://www.mdot.maryland.gov/MBE_Program/HomePage.html).

Select the MBE Program label.

#### **1.24 Arrearages**

By submitting a response to this solicitation, each Offeror represents that it is not in arrears in the payment of any obligations due and owing the State of Maryland, including the payment of taxes

and employee benefits, and that it shall not become so in arrears during the term of the Contract if selected for contract award.

### **1.25 Procurement Method**

The Contract will be awarded in accordance with the competitive sealed proposals process under COMAR 21.05.03.

### **1.26 Verification of Registration and Tax Payment**

Before a corporation can do business in the State of Maryland it must be registered with the Department of Assessments and Taxation, State Office Building, Room 803, 301 West Preston Street, Baltimore, Maryland 21201. It is strongly recommended that any potential Offeror complete registration prior to the due date for receipt of proposals. An Offeror's failure to complete registration with the Department of Assessments and Taxation may disqualify an otherwise successful Offeror from final consideration and recommendation for contract award.

### **1.27 False Statements**

Offerors are advised that §11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland provides as follows:

- (a) In connection with a procurement contract a person may not willfully:
  - (1) falsify, conceal, or suppress a material fact by any scheme or device;
  - (2) make a false or fraudulent statement or representation of a material fact; or
  - (3) use a false writing or document that contains a false or fraudulent statement or entry of a material fact.
- (b) A person may not aid or conspire with another person to commit an act under subsection (a) of this section.
- (c) A person who violates any provision of this section is guilty of a felony and on conviction is subject to a fine not exceeding \$20,000 or imprisonment not exceeding 5 years or both.

### **1.28 Conflict of Interest**

The Offeror must agree that neither it, nor any affiliated company, will receive compensation directly or indirectly by reason of its plan administration services under the Contract, other than fees received from the Board under the Contract. This includes rebates, concessions or other payments or benefits from brokers or contract issuers.

1.28.1 Potential Offerors should be aware that the State Ethics Law, State Government Article, § 15-508, might limit the selected Contractor's ability to participate in future related procurements or to provide advice or consultation services to organizations or companies that plan to do business with the State, depending upon specific circumstances.

1.28.2 The successful Offeror shall provide retirement plan administration services to the Board and must do so impartially and without any conflicts of interest. Subcontractors and any employees or other agents of the contractor shall also be without any conflict of interest in connection with services provided pursuant to the Contract. A conflict of interest means that, because of other activities or relationships with other persons, a person is unable or potentially unable to render

impartial assistance or advice to the State, the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.

- 1.28.3 The Offeror and all subcontractors will be required to complete Conflict of Interest Affidavits to establish that the contractual requirement of impartiality would be met. A copy of this Affidavit is included as ATTACHMENT G of this RFP.
- 1.28.4 If the Procurement Officer makes a determination that facts or circumstances exist that give rise to or could in the future give rise to a conflict of interest within the meaning of COMAR 21.05.08.08A, the Procurement Officer may reject an Offeror under COMAR 21.06.02.03B, or may, during the term of the Contract, terminate the Contract in whole or in part as necessary to avoid the actual or potential conflict of interest. See COMAR 21.05.08.08.
- 1.28.5 Throughout the contract term, the Contractor must investigate and disclose any potential conflict of interest on the part of a subcontractor, consultant, sub-consultant, employee or agent who will perform or supervise work under the contract. The Contractor shall notify the Procurement Officer and Contract Manager of any conflict of interest concerning a subcontractor, consultant, sub-consultant, employee or agent immediately upon discovery. The Contractor shall cooperate in connection with the investigation of any potential conflict of interest.
- 1.28.6 The Contractor shall immediately notify MSRP and the Procurement Officer in writing whenever the Contractor provides services to, contracts with, or receives any compensation or remuneration from an organization or company that provides services in connection with the Plans.

### **1.29 Living Wage Requirements**

A solicitation for services under a State contract valued at \$100,000 or more may be subject to Title 18, State Finance and Procurement (SFP) Article, Annotated Code of Maryland. Additional information regarding the State's Living Wage requirement is contained in this solicitation (see ATTACHMENT H, "Living Wage Requirements for Service Contracts"). If the Offeror fails to submit and complete the Living Wage Affidavit of Agreement (see ATTACHMENT I), the State may determine an Offeror to be not responsible.

Contractors and Subcontractors subject to the Living Wage Law shall pay each covered employee at least the minimum amount set by law for the applicable Tier Area. The specific Living Wage rate is determined by whether a majority of services take place in a Tier 1 Area or Tier 2 Area of the State. The Tier 1 Area includes Montgomery, Prince George's, Howard, Anne Arundel, and Baltimore Counties, and Baltimore City. The Tier 2 Area includes any county in the State not included in the Tier 1 Area. In the event that the employees who perform the services are not located in the State, the head of the unit responsible for a State contract pursuant to §18-102 (d) shall assign the tier based upon where the recipients of the services are located.

The contract resulting from this solicitation has been deemed to be a Tier 1 contract.

Information pertaining to reporting obligations may be found by going to the Maryland Department of Labor, Licensing and Regulation Website <http://www.dllr.state.md.us/> and clicking on “MD Employment Laws” and selecting “Living Wage for State Service Contracts”.

### **1.30 Prompt Payment to Subcontractors**

This procurement and the contract to be awarded pursuant to this solicitation are subject to the Prompt Payment Policy Directive issued by the Governor's Office of Minority Affairs (GOMA) and dated August 1, 2008. Promulgated pursuant to §§11-201, 13-205(a), and Title 14, Subtitle 3 of the SFP, and Code of Maryland Regulations (COMAR) 21.01.01.03 and 21.11.03.01 et seq., the Directive seeks to ensure the prompt payment of all subcontractors on non-construction procurement contracts. The successful Offeror who is awarded a contract must comply with the prompt payment requirements outlined in the standard contract provisions (see ATTACHMENT E). Additional information is available on the GOMA website at: <http://www.mdminoritybusiness.com/documents/PromptPaymentDirectiveFINAL08-01-08.pdf> .

### **1.31 References**

By submitting a proposal hereunder, the Offeror consents to the Board or its representatives contacting agents or employees of entities for whom the Offeror performs services, for analysis and evaluation of their performance of services for such other entities, whether or not such persons or entities are listed as references under other sections of this RFP.

### **1.32 Approval of Subcontractors**

Any material subcontracts will require approval of the subcontractor by the Board. A material subcontract includes any joint venture for purposes of the Contract, or specific delegation of discretionary investment authority to another vendor.

### **1.33 Compliance with Law**

By submitting a proposal in response to this solicitation, the Offeror, if selected for award, agrees that it will comply with all federal, State and local laws applicable to its activities and obligations under the Contract. By submitting an offer in response to this solicitation, the Offeror shall be deemed to represent that it is not in arrears in the payment of any obligation due and owing the State of Maryland or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and if selected for award that it shall not become so in arrears during the term of the Contract.

### **1.34 Electronic Procurement Transaction**

- A. Under COMAR 21.03.05, unless otherwise prohibited by law, MSRP may conduct procurement transactions by electronic means, including the solicitation, bidding, award, execution, and administration of a contract, as provided in the Maryland Uniform Electronic Transactions Act, Commercial Law Article, Title 21, Annotated Code of Maryland.
- B. Participation in the solicitation process on a procurement contract for which electronic means has been authorized shall constitute consent by the Offeror to conduct by electronic means all elements of the procurement of the contract which are specifically authorized under the RFP or the contract.

- C. "Electronic means" refers to exchanges or communications using electronic, digital, magnetic, wireless, optical, electromagnetic, or other means of electronically conducting transactions. Electronic means includes facsimile, email, internet-based communications, electronic funds transfer, specific electronic bidding platforms (e.g. eMarylandMarketplace.com), and electronic data interchange.
- D. The following transactions are authorized to be conducted by electronic means on the terms described, subject to the exclusions noted in subsection E of this section,:
- a. The Procurement Officer may conduct the procurement using eMarylandMarketplace, e-mail or facsimile to issue:
    - i. the solicitation (e.g. the RFP);
    - ii. any amendments;
    - iii. pre-proposal conference documents;
    - iv. questions and responses;
    - v. communications regarding the solicitation or proposal to any Offeror or potential Offeror including requests for clarification, explanation, or removal of elements of an Offeror's proposal deemed not acceptable;
    - vi. notices of award selection or non-selection; and
    - vii. the Procurement Officer's decision on any protest or contract claim.
  - b. An Offeror or potential Offeror may use e-mail or facsimile to:
    - i. ask questions regarding the solicitation;
    - ii. reply to any material received from the Procurement Officer by electronic means that includes a Procurement Officer's request or direction to reply by email or facsimile, but only on the terms specifically approved and directed by the Procurement Officer;
    - iii. request a debriefing; or,
    - iv. submit a "No Bid Response" to the solicitation.
  - c. The Procurement Officer, the Contract Manager and the Contractor may conduct day-to-day contract administration, in accordance with the limitations of section E of this subsection, utilizing email, facsimile or other electronic means if authorized by the Procurement Officer or Contract Manager.
- E. The following transactions related to this procurement and any Contract awarded pursuant to it are not authorized to be conducted by electronic means:
- a. submission of initial bids or proposals;
  - b. filing of protests;
  - c. filing of contract claims;
  - d. submission of documents determined by MSRP to require original signatures (e.g. contract execution, contract modifications, etc.); or
  - e. any transaction, submission, or communication where the Procurement Officer has specifically directed that a response from the Contractor, Bidder or Offeror be provided in writing or hard copy.

- F. Any facsimile or electronic mail transmission is only authorized to the facsimile numbers or email addresses for the identified person as provided in the RFP, the Contract, or in the direction from the Procurement Officer or Contract Manager.

**1.35 Acceptance of Terms and Conditions**

By submitting a proposal in response to this solicitation, an Offeror shall be deemed to have accepted all the terms, conditions, and requirements set forth in this solicitation unless otherwise clearly noted and explained in its proposal.

*The remainder of this page is intentionally blank.*

## **SECTION 2 – OFFEROR MINIMUM QUALIFICATIONS**

### **2.1 Minimum Qualifications Requirements**

Each Offeror must clearly state and demonstrate that it satisfies the stated experience qualification and provide evidence thereof. The primary evidence shall be in the form of a self-certification stated in the Executive Summary of the Technical Proposal. The references submitted in response to RFP Section 4.4.2.3 shall be used to validate the self-certification. The qualification is applicable to the primary Offeror and any subcontractors used by the Offeror for primary functions under the Scope of Work.

Offerors must provide proof that they satisfy the minimum qualification below. If the Offerors are unable to comply with this requirement, their offer will be found not susceptible of receiving an award and will be rejected, with the financial proposal returned unopened.

### **2.2 Size and Experience**

The qualified Offeror must have performed as a full-service defined contribution plan administrator (record keeping, participant statements, participant contact, financial transactions) for at least three years for a minimum of 30,000 participants. In addition, the qualified Offeror must have performed as a full service Plan administrator for at least three years for at least one defined contribution Plan with 10,000 active participants.

### **2.3 Licenses**

The Offeror must possess all required licenses and registrations from appropriate regulatory agencies. If, for example, the Offeror's firm is a registered broker/dealer, the proposal should state the Securities and Exchange Commission ("SEC") and Financial Industry Regulatory Authority ("FINRA") licenses currently held by those individuals primarily responsible for making mutual fund presentations and their supervisors.

*The remainder of this page is intentionally blank.*

## **SECTION 3 – SCOPE OF WORK**

### **3.1 Description of Required Services**

The Board of Trustees intends to procure professional services for a superior level of independent, full service administration, marketing, enrollment, transaction processing and record-keeping services for the four Plans under its administration: the 457(b) Plan; the 401(k) Plan; the 403(b) Plan; and the 401(a) Match Plan. Both pre-tax and Roth after-tax contributions are record-kept in the 457(b) plan and the 401(k) plan. The 403(b) plan accepts only pre-tax dollars. The 401(a) Match plan receives only employer contributions. The successful vendor shall also be required to operate (without additional compensation) distinct rollover accounts under each Plan and, if requested by the Board of Trustees, Deemed IRA accounts. The successful Offeror must carry out all the duties and responsibilities connected to the day-to-day operation of these Plans as necessary for proper administration. Those duties and responsibilities include:

#### **3.1.1 Plan Administration Services**

- 3.1.1.1** General administration and record-keeping at the Participant and Plan level. This includes daily valuation of participant accounts, including calculation of daily income accrual of the investment contract pool; adjustment of participant accounts (at least quarterly) to distribute to participant accounts mutual fund expense reimbursements, if any, received from mutual funds that are held by the Plans; and ability to make periodic class adjustments of accounts for special charges; ability to collect and account for the participant charges that pay the cost of administration, both for the Board of Trustees and the administrator, and to do so on a percentage and/or per capita or transaction basis; ability to perform all aspects of participant accounting for both pre-tax and Roth after-tax contributions and for the 401(a) Match Plan.
- 3.1.1.2** Quarterly statements of account to Participants detailing all Participant deferral, investment and withdrawal transactions, administration charges, account values and applicable mutual fund administrative rebates, all to be mailed to Participants within ten (10) business days of the end of the quarter. The statement shall be consolidated for all Plans in which an employee participates and shall show a consolidated asset balance. The statement will be presented in a two/three color format, and contain a graphical representation of closing date asset allocation, and rate of return for the participant's account on at least a year-to-date basis.
- 3.1.1.3** Advice and technical assistance to the Board of Trustees through its own personnel (or that of an affiliate) for regulatory compliance—including assistance in procuring appropriate private letter rulings concerning the Plan from the Internal Revenue Service, consulting on Plan tax reporting and withholding, and any required federal regulatory filings.
- 3.1.1.4** Assistance in contracting for investment providers and investment advisors, and timely action in making administrative and automated system changes to implement decisions of the Board of Trustees to open, close and freeze investment options.

- 3.1.1.5** Preparation of quarterly Plan financial statements and especially calendar year-end statements prior to their audit by the Board of Trustees' accounting firm, and assistance to the auditor as is necessary for it to issue opinions on the statements as in ATTACHMENT J.
- 3.1.1.6** Required federal and state tax withholding and reporting.
- 3.1.1.7** Periodic reports in writing and in person, at least quarterly, to the Board of Trustees of the current status of the Plan and related activities, similar in overall tone and information as that contained in ATTACHMENT L.
- 3.1.1.8** Design, production and distribution (with prior Board of Trustees approval) of Participant forms, publications, statements of account and other standardized communications, including, but not limited to, Plan handbooks, videos and enrollment kits such as those attached as ATTACHMENT N.
- 3.1.1.9** Assistance to the Board of Trustees in obtaining and compiling information for a comprehensive annual financial report of the Plan, supplementary analyses for annual Plan reports to the Governor and the Maryland General Assembly, and for periodic surveys or requests for information conducted by or approved by the Board of Trustees or staff.
- 3.1.1.10 Nationwide Fixed** - As shown in the financial statements of the 457(b) Plan, participant funds are held in a Nationwide Group Fixed Annuity Contract. No deferrals have gone into that contract since 1986; Participants may elect to transfer funds from that contract to other Plan investments, or as payments of Plan distributions. The Offeror will be required to integrate participant account values from that contract onto the participant statement it prepares, and handle all participant transactions with respect to that contract, except annuity payment streams.
- 3.1.1.11 Great-West Fixed** - As shown in the financial statements of the 403(b) Plan, participant funds are held in a Great-West Certificate Fixed Investment Option. No deferrals have gone into that fixed investment option since 1999; Participants may elect to transfer funds from that contract to other Plan investments at certificate maturity, or as payments of Plan distributions. The Offeror will be required to integrate participant account values from that investment option onto the participant statement it prepares and handle all participant transactions with respect to that investment option.
- 3.1.2 Enrollment and Participant Services**
- 3.1.2.1** Marketing services, employee presentations, and communication materials directed to all eligible employees, regardless of compensation or deferral levels. The selected vendor shall conduct a schedule of on-site employee presentations generally similar to that shown on ATTACHMENT K. The selected vendor shall maintain a Maryland office with sufficient employees based in that office to perform the necessary direct services to Participants. At least FOUR (4) of these local employees must have as his or her exclusive duties the counseling of Participants on their retirement/Plan distribution options.

- 3.1.2.2** Face-to-face Participant enrollment, usually conducted at employees' normal work sites throughout the State, both individually and in conjunction with the group presentations discussed in the previous section.
- 3.1.2.3** Consultation with Participants regarding Plan provisions, investment options, changes, and service requests.
- 3.1.2.4** Timely processing of all phases of participant "hardship" withdrawal requests, including hardship eligibility determinations for the 457(b), 403(b) and 401(k) Plans.
- 3.1.2.5** Timely processing of loan requests and repayments as may be permitted in the 457(b), 403(b) and 401(k) Plans. Repayments will customarily be by automatic debit from the borrowing Participant's banking account. Nominal loan charges to each applicant for initial setup and periodic processing are permitted and shall be disclosed in the Financial Proposal response. **Fee information must not be mentioned in the Technical Proposal, only in the Financial Proposal response.**
- 3.1.3 Plan Operations**
- 3.1.3.1** Assembly and maintenance of a Participant data base including pertinent Participant identification, address, date of birth, employment location, telephone numbers, and demographic information for effective and appropriate Plan communications, including takeover and maintenance of the existing data base, records and transaction history.
- 3.1.3.2** Electronic transaction capability and services, including: paperless enrollment processing; design and maintenance of an Internet web site for the Plan that performs participant account inquiries, deferral and investment changes, enrollment and distribution requests, and copies of quarterly participant statements; on-demand participant account information, and Plan financial, transaction and demographic information for the Board of Trustees and staff.
- 3.1.3.3** Full coordination of Plan operations, Participant services and regulatory compliance.
- 3.1.3.4** At least full business day customer service operations available through toll free telephone lines, preferably with same-day (but no later than next business day) processing of Participants' requested transactions, with adequate written confirmation of such transactions within five (5) days.
- 3.1.3.5** Serving as the Board of Trustees' agent for processing the daily banking transactions necessary for the efficient operation of the Plans.
- 3.1.3.6** Timely movement of deferrals and exchanges to, and between, investment providers (e.g.– executing "buys and sells" of any investment options).
- 3.1.3.7** Payment and record keeping for periodic Plan distributions other than from discrete annuity contracts.

**3.1.3.8** Elective, periodic re-balancing of participant accounts according to a participant selected asset allocation.

## **3.2 Fee Statement Reports**

**3.2.1 Asset Fee Statement Report** - Monthly, deliverable within ten (10) business days of the end of each month, an electronic report of the asset fees calculated and collected from participant accounts must be delivered to the Board's Director of Finance. This report must include by plan and total the amount of Board asset fees transferred to the Maryland State Treasurer's Office account for the Board, as instructed. This report must also include the report by plan and total of all record-keeper and other fees collected from Participants, including asset fees, loan charges, and mutual fund redemption fees. Within no later than fifteen (15) business days of the end of each month, a report of participant assets for each plan supporting the asset fees assessed must be submitted to the Board's Finance Director either electronically or on paper.

**3.2.2 Account Fee Statement Report** - As authorized by the Board, a monthly report of monthly account fees collected from participant accounts will be electronically delivered to the Board's Director of Finance within ten (10) business days of the end of each month. (The TPA is currently authorized to collect \$0.50 monthly from each Participant 457(b), 403(b) and 401(k) account over \$500 and promptly remit to the Board through the Maryland State Treasurer's Office, as instructed.)

## **3.3 Description of Optional Services**

The Board of Trustees intends to make prudent improvements and additions for all or any of the four (4) Plans under its administration. The successful vendor shall prepare to plan, document and implement such changes in a timely fashion and with reasonable or no additional cost. The successful Offeror must carry out all the duties and responsibilities connected to the day-to-day operation of these Plan modifications as necessary for proper operation. Those plan modifications may include:

**3.3.1** Record keeping and reporting for a brokerage window investment option for participant-directed selections and transactions. **Fee information must not be mentioned in the Technical Proposal, only in the Financial Proposal response.**

**3.3.2** Enrollment, recordkeeping and reporting for one or more Individual Retirement Accounts (IRA's) in addition to existing plans for payroll-deductions and rollovers.

**3.3.3** Managed account service provided to separately enrolled Participants for an additional fee to be paid to the advisor/servicing-manager, with record keeping and statement reports by the Plan Administrator. **Fee information must not be mentioned in the Technical Proposal, only in the Financial Proposal response.**

**3.3.4** Option to accept investment transaction requests from Participants up to seven (7) days in advance.

### **3.4 Transition**

The Offeror will be required to manage a transition between the performance of services by the existing vendor, Nationwide Retirement Solutions, Inc. (NRS), and its own performance of services so that the full range of services can be offered as of the commencement date of the contract, on January 1, 2013. For details of NRS's transition responsibilities see ATTACHMENT M.

### **3.5 Fidelity Bond**

The successful Offeror shall provide an annually renewable Fidelity Bond for services rendered to the Maryland Supplemental Retirement Plans in the amount of \$25 million, to be held by the Board of Trustees staff. The Offeror may substitute for such bond: (a) an unconditional guarantee of its contractual obligations by a solvent corporate affiliate of the Offeror, such as a life insurance company, bank or trust company; or (b) an error or omissions liability policy purchased exclusively for the benefit of the Board of Trustees, with a face amount of \$50,000,000, premium payable by the Offeror. The relevant protective instrument (bond, guarantee, or liability policy) shall also cover conduct and actions of any significant subcontractor or joint venture partner.

Pursuant to its fiduciary responsibility for participant accounts, no vendor shall be selected without a bond, guarantee, or other concrete evidence of the security for the financial transactions it will be conducting as administrator for Participants. A general errors and omissions policy will not suffice.

### **3.6 Plan and Participant Records**

The Offeror shall be responsible for maintaining Plan and participant records (both for its contract history and all prior years) and handling Participant inquiries with respect to such records, so that participant inquiry and confirmation can be easily done, and to ensure that adequate security procedures (such as off-site fireproof storage and off-site computer management capability) are maintained.

### **3.7 Disclosure of Ownership and Financial Information**

The Offeror must disclose the identity of all persons owning more than a 5% interest in the company and will be required to permit such examination of its financial and other records as may be necessary to satisfy the Board of Trustees or its auditors that no conflict of interest exists in its handling of participant transactions, and that adequate security and other procedures exist to preserve the accuracy of Plan and participant records, and the security of Plan assets.

### **3.8 Compliance Program**

The Offeror must have a specific compliance program to ensure that Plan transactions and reporting are in accord with all applicable tax and securities laws and that the Plans generally meet requirements for their tax favored status. The contractor will not be required to guarantee tax results.

### 3.9 Substitution of Personnel

#### A. Continuous Performance of Key Personnel

Unless substitution is approved per sections B-D of this section, key personnel shall be the same personnel proposed in the Contractor's technical proposal, which will be incorporated into the Contract by reference. Such identified key personnel shall perform continuously for the duration of the Contract, or such lesser duration as specified in the technical proposal. Key personnel may not be removed by the Contractor from working under the Contract as described in the RFP or the Contractor's technical proposal without the prior written concurrence of the Contract Manager.

If the Contract is task order based, the following provisions apply to key personnel identified in each task order proposal and agreement.

#### B. Definitions

As used in this section:

***“Contract Manager”*** means the Contract Manager previously identified in this solicitation, and/or a person designated in writing by the Contract Manager or the Department or agency to act for the Contract Manager concerning Contractor personnel substitution issues.

***“Day”*** or ***“Days”*** means calendar day or days.

***“Extraordinary Personal Circumstance”*** means any circumstance in an individual's personal life that reasonably requires immediate and continuous attention for more than 15 days that precludes the individual from performing his/her job duties under this Contract. Examples of such circumstances might include but are not limited to: a sudden leave of absence to care for a family member that is injured, sick or incapacitated; the death of a family member, including the need to attend to the estate or other affairs of the deceased or his/her dependents; substantial damage to, or destruction of the individual's home that causes a major disruption in the individual's normal living circumstances; criminal or civil proceedings against the individual or a family member; jury duty; military service call-up; etc.

***“Incapacitating”*** means any health circumstance that substantially impairs the ability of an individual to perform the job duties described for that individual's position in the RFP or the Contractor's technical proposal.

***“Sudden”*** means when the Contractor has less than 30 days' prior notice of a circumstance beyond its control that will require the replacement of any key personnel working under the Contract.

#### C. Key Staff General Substitution Provisions

The following provisions apply to all of the circumstances of staff substitution described in section D of this section.

1. The Contractor shall demonstrate to the Contract Manager's satisfaction that the proposed substitute personnel have qualifications at least equal to those of the personnel for whom the replacement is requested.
2. The Contractor shall provide the Contract Manager with a substitution request that shall include:
  - A detailed explanation of the reason(s) for the substitution request
  - The resume of the proposed substitute personnel, signed by the substituting individual and his/her formal supervisor
  - The official resume of the current employee for comparison purposes
  - Any required credentials
3. The Contract Manager may request additional information concerning the proposed substitution. In addition, the Contract Manager, and/or other appropriate State personnel involved with the Contract may interview the proposed substitute personnel prior to deciding whether to approve the substitution request.
4. The Contract Manager will notify the Contractor in writing of: (i) the acceptance or denial, or (ii) contingent or temporary approval for a specified time limit, of the requested substitution. The Contract Manager will not unreasonably withhold approval of a requested key personnel replacement.

#### **D. Replacement Circumstances**

##### **1. Voluntary Staff Replacement**

To voluntarily replace any key staff, the Contractor shall submit a substitution request as described in section C of this section to the Contract Manager at least 15 days prior to the intended date of change. Except in a circumstance described in section D.2 of this clause, a substitution may not occur unless and until the Contract Manager approves the substitution in writing.

##### **2. Staff Replacement Due to Vacancy**

The Contractor shall replace key staff whenever a vacancy occurs due to the sudden termination, resignation or leave of absence due to an Extraordinary Personal Circumstance of such staff, Incapacitating injury, illness or physical condition, or death. (A termination or resignation with 30 days or more advance notice shall be treated as a Voluntary Staff Replacement as per section D.1 of this clause.)

Under any of the above D.2 circumstances, the Contractor shall identify a suitable replacement and provide the same information or items required under Section C of this section within 15 days of the sooner of the actual vacancy occurrence or from when it was first learned by the Contractor that the vacancy would be occurring.

##### **3. Staff Replacement Due to an Indeterminate Absence**

If any key staff has been absent from his/her job for a period of 10 days due to injury, illness, or other physical condition, leave of absence under a family medical leave or

Extraordinary Personal Circumstance and it is not known or reasonably anticipated that the individual will be returning to work within the next 20 days to fully resume his/her job duties, before the 25th day of continuous absence the Contractor shall identify a suitable replacement and provide the same information or items required under section C of this section.

However, if this person is available to return to work and fully perform all job duties before a replacement has been authorized by the Contract Manager, at the option of the Contract Manager, the original staff may continue to work under the Contract, or the replacement staff will be authorized to replace the original staff, notwithstanding the original staff's ability to return.

#### 4. Directed Staff Replacement

a. The Contract Manager may direct the Contractor to replace any staff that is perceived as being unqualified, non-productive, unable to fully perform his/her job duties due to full or partial Incapacity or Extraordinary Personal Circumstance, disruptive, or that has committed a major infraction(s) of law or agency or Contract requirements. Normally a directed replacement would only occur after prior notification of problems with requested remediation, as described in Paragraph 4.b, below. If after such remediation the Contract Manager determines that the staff performance has not improved to the level necessary to continue under the Contract, if at all possible at least 15 days' replacement notification will be provided. However, if the Contract Manager deems it necessary to remove the offending individual with less than 15 days' notice, the Contract Manager can direct the removal in a timeframe of less than 15 days, to include immediate removal.

In circumstances of directed removal, the Contractor shall, in accordance with section C of this section, provide a suitable replacement for approval within 15 days of the notification of the need for removal, or the actual removal, if that occurs first.

b. If deemed appropriate in the discretion of the Contract Manager, the Contract Manager shall give written notice of any personnel performance issues to the Contractor, describing the problem and delineating the remediation requirement(s). The Contractor shall provide a written Remediation Plan within 10 days of the date of notice and implement the Remediation Plan immediately upon written acceptance by the Contract Manager, or revise and resubmit the plan to the Contract Manager within 5 days, as directed in writing by the Contract Manager.

Should performance issues persist despite the previously agreed to Remediation Plan, the Contract Manager will give written notice of the continuing performance issues and either request a new Remediation Plan within a specified time limit, or direct the substitution of personnel whose performance is at issue with a qualified substitute, including requiring the immediate removal of the key staff at issue.

Replacement or substitution of personnel under this section shall be in addition to and not in lieu of the State's remedies under the Contract.

**3.10 Inspection of Place of Business and Books and Records**

The Contractor must agree to allow inspection of all books and records relating to its performance of services hereunder.

*The remainder of this page is intentionally blank.*

## **SECTION 4 – PROPOSAL SUBMISSION FORMAT**

### **4.1 Two Part Submission**

Offerors must submit proposals in two separate parts:

- “Volume I – (TECHNICAL PROPOSAL)”
- “Volume II – (FINANCIAL PROPOSAL)”

The Financial Proposals must be sealed separately from the Technical Proposals. The Financial Proposal will remain sealed and withheld from review until the Technical Proposals have been evaluated.

### **4.2 Proposals**

The Technical Proposal must not reveal any pertinent information from the sealed Volume II- Financial Proposal but must be submitted simultaneously to the Procurement Officer (address listed on Key Information Summary and in Section 1.5). This is the only address to which proposals may be submitted. An unbound original, so identified, and six (6) copies of each Volume I - Technical Proposal are to be submitted. Hard copies must be a complete proposal containing all information that is also contained on the CDs unless otherwise directed in Section 4.

Offerors must attach to the original Technical Proposal two (2) separate CDs containing an electronic version of Volume I - Technical Proposal (in Microsoft Word or PDF format, as appropriate).

Volume II - Financial Proposal must be sealed separate from Volume I - Technical Proposal but submitted simultaneously to the Procurement Officer as noted above. An original, so identified, and six (6) copies of each Volume II - Financial Proposal are to be submitted.

Offerors must also attach to the original Financial Proposal two (2) separate CDs containing an electronic version of the Volume II - Financial Proposal (in Microsoft Word Microsoft Excel or PDF format, as appropriate)).

Please note that the Offeror must provide separate CDs for the Technical Proposal and the Financial Proposal, resulting in four (4) CDs attached to the proposal. The CDs containing the electronic responses should be placed in separate envelopes labeled “Offeror Response CDs – Volume “X” (“X” is Volume I - Technical Proposal or Volume II - Financial Proposal, as appropriate).

### **4.3 Submission**

Each Offeror is required to submit a separate sealed package for “Volume II - Financial Proposal” which may be nested within a larger package containing the rest of the proposal. Each package must bear the RFP title and number, name and address of the Offeror, the volume number (I or II), and the closing date and time for receipt of the proposals on the outside of the package. Please label the electronic media with Volume I - Technical Proposal and Volume II - Financial Proposal, as appropriate. All pages of both proposal volumes must be consecutively numbered from beginning (Page 1) to end (Page “x”).

### **4.4 Volume I – Technical Proposal**

#### **4.4.1 Transmittal Letter**

A transmittal letter must accompany the Technical Proposal. The purpose of this letter is to transmit the proposal and acknowledge the receipt of any addenda/amendments. The transmittal letter should be brief and signed by an individual who is authorized to commit the Offeror to the services and requirements as stated in this RFP.

#### **4.4.2 Format of Technical Proposal; Required Submissions**

As described in Section 4.3, above, an original, to be so labeled, six (6) copies and the electronic version CDs shall be provided. Sections 2 and 3 of this RFP provide requirements and Section 4 provides reply instructions. The paragraphs in these RFP sections are numbered for ease of reference. In addition to the instructions below, the Offeror’s Technical Proposals should be organized and numbered in the same order as this RFP. This proposal organization will allow State officials and the Evaluation Committee to “map” Offeror responses directly to RFP requirements by paragraph number.

**The Technical Proposal shall include the following sections in this order:**

##### **4.4.2.1 Title and Table of Contents**

The technical proposal should begin with a title page bearing the name and address of the Offeror and the name and number of this RFP. A table of contents for the technical proposal should follow the title page. Information, which is claimed to be confidential, is to be identified after the Title Page and before the Table of Contents in the Offeror’s Technical Proposal, and if applicable, also in the Offeror’s Financial Proposal. An explanation for each claim of confidentiality shall be included.

#### 4.4.2.2 Executive Summary

The Offeror shall condense and highlight the contents of the Technical Proposal in a separate section titled “Executive Summary” including that the Offeror meets the minimum qualifications outlined in Section 2.

The summary shall also identify any exceptions the Offeror has taken to the requirements of this RFP, the standard contract provisions (ATTACHMENT A), or any other attachments. If there are no exceptions or additions required, the summary should so state. Offeror shall include a signed Bid/Proposal Affidavit (ATTACHMENT B).

**Note:** Exceptions to terms and conditions of the RFP, the contract, or any other attachment may result in having the proposal deemed unacceptable or classified as not reasonably susceptible of being selected for award.

#### 4.4.2.3 Response to Scope of Work

In an orderly concise manner, the Offeror shall address each requirement in Section 3 “Scope of Work” of this RFP and describe how the Offeror’s proposed services will meet those requirements, in the same order in which the sections are described in the RFP. The Offeror should use the sub-headings provided by this RFP to organize the response (e.g. describe timely processing of loan requests and repayments in the Technical Proposal section noted as a response to Section 3.1.2.5).

If the Board is seeking Offeror agreement to a requirement, the Offeror shall state agreement or disagreement. However, the Offeror should not merely rely on a stated agreement to perform the requested work; rather the Offeror should outline **how the Offeror can fulfill the requested tasks in a manner that best meets the Board’s needs.**

The Offeror shall also address the items in Section 3.3 “Description of Optional Services” that the Board has taken under consideration for potential future implementation. The Offeror should describe its capabilities, conditions and limitations for such efforts, giving examples of experience and results with such operations.

#### 4.4.2.4 Offeror Experience and Capability

A. Give a summary description of your company and, if part of a publicly traded enterprise, attach a copy of your most recent annual report.

*Example: "This offer is made by Quality Services, a wholly owned 3rd tier subsidiary of Universal Mutual Life Assurance Company. Compliance function and specialized computer programming for this contract will generally be performed by Data Services, another wholly owned subsidiary, although expertise available throughout the mutual*

*insurance company will be called on when necessary. Any Broker/ Dealer effort necessary to effect transactions will be undertaken by wholly owned subsidiary Universal Securities, a registered FINRA broker/dealer."*

B. Document how you meet the experience requirements of Section Two. If you are meeting this experience requirement through plans administered by affiliated entities (ex: Mutual Fund Sponsor or Insurance Company administering through subsidiary X Plans that offer affiliated investments) explain the relevant relationships.

C. State the number of:

1. participants in 457(b) plans under your administration during calendar year 2011;
2. 457(b) plans you administer;
3. participants in 403(b) arrangements during calendar year 2011 for which you processed a current deferral of salary and mailed a current statement;
4. participants in 401(k) plans under your administration during calendar year 2011;
5. 401(k) plans you administer;
6. match plans you administer; and
7. plans with Roth contributions you administer.

D. State your plan administration experience with specificity, giving specific plan names and specific contact information (name, title and telephone number) for that plan. Do so across all plan types: 457(b), 403(b), and 401(k). NOTE: Government-sponsored plans are public entities. Their contact names, telephone numbers and contractors are published information.

*For example: State of \_\_\_\_\_ 457(b) Plan, 2007-2011, approx. 30,000 active participants, contact person: Joe Jones (State Deputy Treasurer), 111-555-8888, email [JJones@stateof.gov](mailto:JJones@stateof.gov) ; City of \_\_\_\_\_, 401(k) Plan, 2010 - current; City of \_\_\_\_\_, 401(k) Plan, 1990 - current, approx. 5,000 participants, contact person: Mary Widget (City Manager), 333-444-9999, email [Mary\\_Widget@city.gov](mailto:Mary_Widget@city.gov) .*

In light of the information required above, you need not give such information for all Plans you have ever administered, and all your numbers may be approximations. However, you should give the Board sufficient information to judge your overall size, experience and capabilities, particularly with respect to 401(k), Roth accounting, and Match Plan administration. If you have experience in government qualified defined contribution plans (match plan; general retirement plan) indicate that in this section of your Technical Proposal.

E. State the type of computer and plan administration system you will use for Plan record keeping and affirm its ability to make:

1. class adjustments to participant accounts, such as those required for the Board's mutual fund rebate program;

2. periodic asset allocation changes on an automated basis as occurs with so called life cycle funds.

3. Attach as Example **4.4.2.4 E**. a plan financial statement you have prepared in recent years for a similar plan. If none is attached state the reason therefore, and whether you have prepared such statements. You need not attach multiple statements. Statements of governmental entities are generally available under Public Information Acts in most states, and the Board reserves the right to procure and evaluate such statements directly from governmental entities.

F. Describe your proposed overall participant enrollment and communication program for the Plans. Include herein the number of employees you propose to maintain in the Maryland office, broken down between:

1. administrative staff,
2. enrollment staff, and
3. counseling staff.

Confirm that you will maintain this number of staff persons as a contractual requirement. Attach a brief sample of participant communication material you have prepared and used in other plans, and include your recent material distributed to trustees or participants on the Pension Protection Act (PPA). State how you would organize your field force for enrollment and group meetings. State your plans for using Internet technology as part of this program, and give the names of two other plans for which you maintain similar Internet technology.

G. Give a brief description of your telephone capabilities (toll-free telephone number and staff that supports it) and how you would use such capabilities to conduct participant directed transactions such as investment switches for existing balances and future deferrals. State the number of employees used for such work during the first quarter of 2012, and provide specifics relative to their qualification and licensing levels. Attach a sample confirmation of a telephone-initiated transaction that you have actually used in a defined contribution plan under your administration. Describe the training and supervision program for customer service representatives used for maintaining competent and high quality direct services to Participants. Explain how pending or future participant transactions are tracked for timely and efficient follow-up by customer service representatives.

H. Describe the size and experience of your accounting department that will process the actual cash and investment transactions under the Contract, viz. block investment, mutual fund investment and redemption, accounting for the investment contract pool, etc.

I. Confirm your ability to prepare and mail consolidated quarterly statements of account value within ten (10) business days of the close of the quarter. State how many such statements your company mailed for the fourth quarter of 2011.

J. Describe how you perform general securities and tax compliance for your existing client base. Confirm that you have the capability to provide enrolling agents with software suitable for laptop computers that calculates maximum deferral allowances and state whether you use such equipment and software in plans you currently administer. Give a specific number of personnel who will perform the compliance function for the Plans, and state their general qualifications; and if you intend to rely on compliance personnel of a non-affiliated entity (outside law firm, etc.), state so.

K. Confirm that you understand the requirements for general reports to the Board on Plan activity; attach similar reports you have prepared for other plans, keeping in mind that the Board may be procuring such reports directly from the entities involved. If no such reports have been prepared for other clients, state so. Feel free to offer suggested changes in the style or data of such reports, and state here the type of reports you would generate in order to assist the Board in its duties.

L. State whether any public plans you administer and financial statements you prepare for them are subject to audit by an outside certified public accounting firm. If yes, give a representative list of those plans.

M. Attach one or more sample participant statements (name and social security number deleted) that you actually issued for the fourth quarter of 2011. Describe your ability to customize a statement, consolidate a statement across several Plans, the average length of time necessary to change statement format, whether you are able to print special messages on a statement and the lead-time required to do so. Describe your ability to print on the statement multicolored graphical representations of account data, report consolidated asset values, and quarterly/year to date rate of return information.

N. Confirm that you will be able to incorporate into the quarterly participant account statement the participant earnings and contract values for the Nationwide Fixed Annuity, the Great-West Fixed option and the premium payments for the life insurance option.

O. Describe your experience in accounting for stable value arrangements/investment contract pools and, if you have no such experience, state so.

P. Describe your transition plan from the current administrator. State what if any transitions you have accomplished in the past two years. Note any exceptions or qualifications to your ability to perform a full takeover of NRS activity.

Q. State your plan for maintaining the security and integrity of participant data, elections, and account history. Provide your plan for providing back-up, off-site storage, disaster recovery

and security (including authorized participant and plan sponsor access) for all data, applications and networks supporting the Plans.

R. Has any governmental pension plan terminated a contract with you for cause in the last ten (10) years? If so, by whom and under what circumstances?

S. State how you measure and evaluate participant satisfaction in plans under your administration.

T. Describe any systems limitations that restrict types of investment products you can administer, and list the types of products you are prepared to administer. State whether your system has any restrictions in administering and accounting for investment funds other than publicly offered mutual funds. Give details of any installation schedule or standard set-up process and requisite timelines for new products. State your ability to work with independent entities that provide on-line investment advice and confirm that you can perform necessary coordination for no additional fees.

U. State your experience (if any) as a full service administrator for a plan that allows participants to invest accounts in a brokerage window option. State the required notice period, and any conditions for instituting such an option. Confirm that, if such an option was instituted by the Board, you would turn over to the Board any fees, rebates, commissions or administrative expense amounts that would otherwise come to you from the broker/dealer firm maintaining such account system.

V. Explain the rules and procedures you would use to ensure that the Maryland employees' contributions to the Plans comply with limitations imposed by the Internal Revenue Code (i.e., Sections 402(g), 403, 415, and 457) and applicable regulations. Specify any data, controls or reports you would require from the State, or indicate what records/reports you would supply to the State for this type of coordination and compliance.

W. Are materials, communications, and account information available through TTY, Braille, etc. for hearing and seeing impaired?

X. Describe here any additional services for Participants (above and beyond the services required by this RFP) that you are willing to perform at your offered price.

#### **4.4.2.5 Subcontractors**

A. In the Technical Proposal (in addition to the requirements of ATTACHMENT D), Offerors must identify both MBE and non-MBE subcontractors and the role these subcontractors will have in the performance of the Contract.

B. A summary of the experience and expertise of the proposed subcontractors shall be provided as part of the Offeror's Technical Proposal.

C. Offerors must submit completed and fully executed ATTACHMENT D-1 with their technical proposals. **Failure of an Offeror to complete and sign the ATTACHMENT D-1 at the time it submits its Technical Proposal will result in the State's rejection of the Offeror's proposal to the RFP.**

#### **4.4.2.6 Staffing Plan, Personnel Qualifications and Professional Experience**

A. The Offeror shall provide a staffing plan that describes how the Offeror intends to staff the Contract to meet the State's needs. The Offeror shall identify its proposed account manager and any other key personnel. As part of the staffing plan, the Offeror shall submit the resumes of the proposed key personnel to complete the work required by the Contract.

B. The Offeror shall provide a short summary of the names, backgrounds, company tenure, expertise and pension plan experience, achievements and capabilities of those staff and personnel proposed to perform the requirements of the Contract. The resumes and staffing plan may also include a description of whether the proposed staff worked on the accounts submitted as references by the Contractor. Include a discussion of staff assignment stability and company staff retention measures.

C. State your plan for complying with the mandatory FOUR full-time employees devoted exclusively for participant counseling on Plan distribution options. State whether you offer such service in any similar plans. You should also offer in this section a specific plan for performing Maryland enrollment/counseling services with a work force at least some of whom are certified as retirement specialists by relevant entities, such as CEBS, Certified Financial Planners, or InFRE.

*Example: The Offeror commits that on or before January 1, 2015, at least \_\_\_ % of the salesman/counselors resided in the Maryland office will be certified as specialists by one or more reputable entities.*

D. State whether the Offeror or any company under common control has been debarred by any state in the last three years, or has had any license or registration suspended or revoked by any state securities regulator, the SEC, FINRA, or insurance commissioner of any state. State whether any employee of the Offeror has had such action taken against him by the SEC, FINRA, or insurance commissioner for activities relating to a pension plan.

#### **4.4.2.7 Maryland State Government Experience**

As part of its offer, each Offeror is to provide a list of all contracts with any entity of the State of Maryland that it is currently performing or which has been completed within the last five (5) years. For each identified contract the Offeror is to provide in its Technical Proposal:

- The State contracting entity
- A brief description of the services/goods provided
- The dollar value of the contract
- The term of the contract
- The State employee contact person (name, title, telephone number and, if possible, email address)
- Whether the contract was terminated before the end of the term specified in the original contract, including whether any available renewal option was not exercised.

The Procurement Officer or a designee will contact the identified State agencies, or the most appropriate ones if many contracts are involved, to ascertain the Offeror's level of performance of State contracts.

Information obtained regarding the Offeror's level of performance on State contracts will be considered as part of the experience and past performance evaluation criteria of the RFP.

#### **4.4.2.8 Conflict of Interest**

Each Offeror must complete and submit a Conflict of Interest Affidavit with the Technical Proposal. A copy of this Affidavit is included as ATTACHMENT G of this RFP. If the Procurement Officer makes a determination that facts or circumstances exist that give rise to or could in the future give rise to a conflict of interest within the meaning of COMAR 21.05.08.08A, the Procurement Officer may reject an Offeror under COMAR 21.06.02.03B.

#### **4.4.2.9 Financial Capability and Statements**

The Offeror shall provide evidence that the Offeror has the financial capacity to provide the services. Furnish a copy of the Offeror company's audited financial statement for each of the last three (3) years. If no audited statement of the entity making the proposal is available, submit audited statements of the consolidated group of which the offering entity is a part.

#### **4.4.2.10 Economic Benefit Factors**

Offerors shall submit with their proposals a narrative describing benefits that will accrue to the Maryland economy as a direct or indirect result of their performance of the Contract. Proposals will be evaluated to assess the benefit to Maryland's economy specifically offered. **(Do not include any detail of the financial proposal with this technical information.)**

Proposals that identify specific benefits as being contractually enforceable commitments will be rated more favorably than proposals that do not identify specific benefits as contractual commitments, all other factors being equal.

Offerors shall identify any performance guarantees that will be enforceable by the State if the full level of promised benefit is not achieved during the contract term.

As applicable, for the full duration of the contract, including any renewal period, or until the commitment is satisfied, the Contractor shall provide to the Procurement Officer or other designated agency personnel reports of the actual attainment of each benefit listed in response to this section. These benefit attainment reports shall be provided quarterly, unless elsewhere in these specifications a different reporting frequency is stated.

Please note that in responding to this section, the following do not generally constitute economic benefits to be derived from this contract:

1. generic statements that the State will benefit from the Offeror's superior performance under the contract;
2. descriptions of the number of Offeror employees located in Maryland other than those that will be performing work under this contract; or
3. tax revenues from Maryland based employees or locations, other than those that will be performing, or used to perform, work under this contract.

Discussion of Maryland based employees or locations may be appropriate if the Offeror makes some projection or guarantee of increased or retained presence based upon being awarded this contract.

Examples of economic benefits to be derived from a contract may include any of the following. For each factor identified below, identify the specific benefit and contractual commitments and provide a breakdown of expenditures in that category:

- The contract dollars to be recycled into Maryland's economy in support of the contract, through the use of Maryland subcontractors, suppliers and joint venture partners.
- The number and types of jobs for Maryland residents resulting from the contract. Indicate job classifications, number of employees in each classification and the aggregate payroll to which the contractor has committed, including contractual commitments at both prime and, if applicable, subcontract levels.
- Tax revenues to be generated for Maryland and its political subdivisions as a result of the contract. Indicate tax category (sales taxes, payroll taxes, inventory taxes and estimated personal income taxes for new employees). Provide a forecast of the total tax revenues resulting from the contract.
- Subcontract dollars committed to Maryland small businesses and MBEs.
- Other benefits to the Maryland economy which the Offeror promises will result from awarding the contract to the Offeror, including contractual commitments. Describe the benefit, its value to the Maryland economy, and how it will result from, or because of the contract award. Offerors may commit to benefits that are not directly attributable to the contract, but for which the contract award may serve as a catalyst or impetus.

#### **4.4.2.11 Summary of Required Technical Proposal Attachments**

- Transmittal Letter;
- Technical Proposal, Volume I;
- Conflict of Interest Affidavits (ATTACHMENT G) from Offeror and all subcontractors
- Bid/Proposal Affidavit (ATTACHMENT B);
- MBE Forms (ATTACHMENT D-1);
- Living Wage Affidavit (ATTACHMENT I)

#### **4.5 Volume II – Financial Proposal**

Under separate sealed cover from the Technical Proposal and clearly identified with the same information noted on the Technical Proposal, the Offeror must submit an original unbound copy, so identified, six (6) bound copies, and two (2) electronic copies (in Microsoft Word, Microsoft Excel or PDF format, as appropriate) in a separate envelope labeled as described in Section 4.2. The Financial Proposal must contain all cost information in the format specified in ATTACHMENT F.

*The remainder of this page is intentionally blank.*

## **SECTION 5 – EVALUATION CRITERIA AND SELECTION PROCEDURE**

### **5.1 Evaluation Criteria**

Proposals will initially be divided into those that meet minimum qualifications and all other mandatory requirements (including procedural requirements, such as timeliness of submission), and those that do not. Those proposals meeting all minimum qualifications and mandatory requirements are termed responsible Offerors; the Procurement Officer will notify those persons submitting proposals that are not so classified.

Evaluation of the responsive proposals will be performed by a committee made up of Board members and such other staff, consultants, accountants and others, as the Board may deem appropriate. The procurement committee will make a recommendation to the full Board, which will then award the contract, subject to the authorization of the Board of Public Works. Evaluations will be based on the criteria set forth below.

### **5.2 Technical Criteria**

The criteria to be applied to each technical proposal are as follows, listed in descending order of importance:

- A. Response to Scope of Work (RFP Section 4.4.2.3);
- B. Offeror Experience and Capability and Subcontractors (RFP Sections 4.4.2.4 & 4.4.2.5);
- C. Staffing Plan, Personnel Qualifications and Professional Experience (RFP Section 4.4.2.6);
- D. Financial Capability (RFP Section 4.4.2.9); and
- E. Economic Benefit Factors (RFP Section 4.4.2.10).

### **5.3 Financial Criteria**

All qualified Offerors will be ranked from the lowest to the highest, based on the total projected evaluated price as shown in ATTACHMENT F.

### **5.4 Reciprocal Preference**

Although Maryland law does not authorize procuring agencies to favor resident Offerors in awarding procurement contracts, many other states do grant their resident businesses preferences over Maryland contractors. Therefore, as described in COMAR 21.05.01.04, a resident business preference will be given if: a responsible Offeror whose headquarters, principal base of operations, or principal site that will primarily provide the services required under this RFP is in another state submits the most advantageous offer; the other state gives a preference to its residents through law, policy, or practice; and the preference does not conflict with a Federal law or grant affecting the procurement contract. The preference given shall be identical to the preference that the other state, through law, policy or practice gives to its residents.

## **5.5 Selection Procedures**

### **5.5.1 General Selection Process**

The Contract will be awarded in accordance with the competitive sealed proposals process under COMAR 21.05.03. The competitive sealed proposals method is based on discussions and revision of proposals during these discussions.

Accordingly, the State may hold discussions with all Offerors judged reasonably susceptible of being selected for award, or potentially so. However, the State also reserves the right to make an award without holding discussions. In either case of holding discussions or not doing so, the State may determine an Offeror to be not responsible and/or an Offeror's proposal to be not reasonably susceptible of being selected for award, at any time after the initial closing date for receipt of proposals and the review of those proposals.

### **5.5.2 Selection Process Sequence**

A. The first level of review will be an evaluation for technical merit. During this review oral presentations and discussions may be held. The purpose of such discussions will be to assure a full understanding of the State's requirements and the Offeror's ability to perform, and to facilitate arrival at a contract that will be most advantageous to the State. For scheduling purposes, Offerors should be prepared to make an oral presentation and participate in discussions within two to four weeks of the delivery of proposals to the Board. The Procurement Officer will contact Offerors when the schedule is set by the State.

B. Offerors must confirm in writing any substantive oral clarification of, or change in, their proposals made in the course of discussions. Any such written clarification or change then becomes part of the Offeror's proposal.

C. The financial proposal of each Offeror will be evaluated separately from the technical evaluation. After a review of the financial proposals of Offerors, the Procurement Officer may again conduct discussions.

D. When in the best interest of the State, the Procurement Officer may permit Offerors who have submitted acceptable proposals to revise their initial proposals and submit, in writing, best and final offers (BAFOs).

## **5.6 Award Determination**

Upon completion of all discussions and negotiations, reference checks, and site visits, if any, the Procurement Officer will recommend to the MSRP Board the award of the contracts to the responsible Offeror whose proposals are determined to be the most advantageous to the State considering technical evaluation factors and price factors as set forth in this RFP. In making the most advantageous Offeror determination, technical factors will be given greater weight than financial factors.

## **ATTACHMENTS**

**ATTACHMENT A** – MODEL CONTRACT AND STANDARD CONTRACT TERMS.

**ATTACHMENT B** – BID/PROPOSAL AFFIDAVIT.

**ATTACHMENT C** – CONTRACT AFFIDAVIT.

**ATTACHMENT D** – MINORITY BUSINESS ENTERPRISE PARTICIPATION.

**ATTACHMENT E** – PRE-PROPOSAL CONFERENCE RESPONSE FORM.

**ATTACHMENT F** – FINANCIAL PROPOSAL INSTRUCTIONS AND FORM.

**ATTACHMENT G** – CONFLICT OF INTEREST AFFIDAVIT/DISCLOSURE.

**ATTACHMENT H** – LIVING WAGE REQUIREMENTS.

**ATTACHMENT I** – LIVING WAGE AFFIDAVIT.

**ATTACHMENT J** – PLAN FINANCIALS.

**ATTACHMENT K** – SCHEDULE OF TYPICAL EMPLOYEE PRESENTATIONS

**ATTACHMENT L** – PLAN ADMINISTRATOR REPORTS

**ATTACHMENT M** – TRANSITION RESPONSIBILITY FOR EXISTING TPA

**ATTACHMENT N** – PARTICIPANT COMMUNICATIONS EXAMPLES

*The remainder of this page is intentionally blank.*

BOARD OF TRUSTEES OF THE  
MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS

**ADMINISTRATOR'S AGREEMENT**

This Agreement made and entered into this \_\_\_\_ day of \_\_\_\_\_, 201\_\_ by and between the Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans (the "Board") and \_\_\_\_\_ (the Contractor).

**1. Appointment.**

The Board under this Agreement hereby appoints \_\_\_\_\_ as the exclusive administrator and marketer of the benefit plans under the authority of the Board under Title 35 of Md. St. Pers. & Pens. Article, viz., the §457 plan; the §401(k) plan; the §403(b) plan; and the §401(a) Match Plan (hereinafter collectively referred to as "Plans"). This Agreement shall be for five years, effective January 1, 2013, and concluding on December 31, 2017. The Board shall have the option to extend this term for an additional one year period through notice and exercise of the extension provision described in section 21.

**2. The Contractor.**

\_\_\_\_\_ has principal offices located at \_\_\_\_\_. The Contractor will throughout the term of this Agreement maintain a local office in Maryland and several other regional offices at locations chosen at the discretion of the Contractor through which its personnel will provide direct marketing and Participant services to the Board, Plan Participants and potential Plan Participants.

The Contractor is a registered broker/dealer and member of the Financial Industry Regulatory Authority (FINRA). Agents of the Contractor will also be licensed as registered representatives and will hold any required state or federal securities licenses and/or registration required by law for the

marketing of Plan options that are registered as securities. The Contractor will abide by all FINRA broker/dealer rules and regulations in all of its dealings with the Board, with the Plan, and with the Plan Participants, including, but not limited to, the filing and approval of all materials which the FINRA would consider to be sales literature and advertising prior to the dissemination of any such materials through the Contractor or through the Contractor's registered representatives. The Board may distribute independently created and prepared sales literature and advertising directly to its employees, provided such sales literature and advertising does not reference the Contractor, its products or services. If such Board generated sales literature and/or advertising is subject to FINRA regulation, the applicable sales literature/advertising piece shall be subject to review and comment by the Contractor, and shall be conformed to meet any applicable FINRA requirements. The Board and the Contractor will cooperate to obtain FINRA approval for such material, and the Board will incorporate any comments and make any changes offered by the Contractor to make such material comply with FINRA rules.

\_\_\_\_\_ is a guarantor of the Contractor's obligations under this Agreement, pursuant to (exhibit).

The status of the Contractor, its officers, agents, and employees under this Agreement, with respect to the State and the Board, is that of independent contractor.

Subject to the warranty exceptions related to the administration of the 401(k) and 403(b) plans found in Section 6(c) of this Agreement, it is expressly understood and agreed by the Contractor that any aspect of this Agreement relating to, or making it liable for, activities and transactions of the Plans that occurred prior to the effective date of this Agreement shall apply to the Contractor as defined herein, whether or not such activity or transaction was performed by the Contractor, as defined herein, or by one or more predecessor companies affiliated to the Contractor through common ownership.

### 3. **Exhibits and Related Documents and Provisions.**

Attached as exhibits to this Agreement are:

- (a) Standard state contract terms (Ex. A).
- (b) Request for Proposals (Ex. B).

- (c) the Contractor's technical and financial proposals, and finalist presentation (Ex. C).
- (d) Contract Affidavit (Ex. D).
- (e) Minority Business Enterprise Affidavit (Ex. E).
- (f) Living Wage Affidavit (Ex. F).
- (g) \_\_\_\_\_'s guaranty (Ex. G).

The terms of exhibits A, B, C, D, E, F, and G are incorporated by reference into this Agreement. In case of any conflict between this Agreement and those exhibits the terms of this Agreement shall control. The Contractor reaffirms that all of the representations made in Ex. C are accurate as of the signing of this Agreement.

**4. Required Approvals.**

This Agreement is subject to approval by the Board of Public Works of the State of Maryland.

**5. Duties of Administrator.**

(a) In its capacity as the exclusive administrator and marketer of the Plans, the Contractor shall, on a timely basis, carry out all of the duties and responsibilities connected with the day-to-day operation of the Plans as enumerated in the RFP and Proposal Response, including the basic functional responsibilities of Plan administrator and record keeper at the Plan and Participant levels. The Contractor shall not be required to perform work outside the scope of this Agreement and not specified in the RFP, amendments, and proposal response without arriving at a mutually agreeable decision on whether the proposed work requires additional revenue on the part of the Contractor.

(b) In performing any of its duties and responsibilities as Plan administrator, the Contractor promises to: (i) perform same according to professional standards for administration of Plans of this type, size, and scope; (ii) make accurate representations to the Board, or Participants, as the case may be, when advising upon technical requirements of administration, or taking action on behalf of the Board with respect to Participants, Participants' accounts, Plan financial statements, or Plan records; and (iii) perform all of its obligations on a timely basis.

**6. Plan Financial Statement.**

(a) the Contractor shall prepare and submit to the Board on a timely basis: (i) quarterly unaudited financial statements of each Plan in the aggregate as administered by the Contractor,

(ii) a reconciled annual financial statement of each Plan in the aggregate as administered by the Contractor, prepared according to generally accepted accounting principles, suitable for audit conducted in accordance with generally accepted auditing standards, and an unqualified auditors opinion (except for such qualifications as the auditors may determine to be necessary, and are not the fault of the Contractor) that the financial statement presents fairly the financial position and results of operations of each Plan in conformity with generally accepted accounting principles applied on a consistent basis. The audit shall be performed by a certified public accounting firm of the Board's selection, and at the Board's expense. The unaudited quarterly financial statement shall be submitted by the Contractor to the Board no later than 45 days after the end of each quarter and the annual statement, conforming to the standards set forth above, no later than 75 days after the end of each year. It is the intent of this Sec. 6 that each of the annual Plan financial statements required hereunder shall be, when presented to the Board, and prior to any audit, fully reconciled with the sum total of all Participant transactions hereunder for the relevant period and Plan, as reflected on the records of the Contractor for such individual Participant accounts within any particular Plan, including any adjustment for timing differentials on contribution, investments or disbursements.

(b) The reconciled annual financial statement for each Plan shall show:

(i) reconciled contributions for the Contractor administered Plan options, subdivided by each investment option, all as reported by State payroll centers forwarding contributions to the custodial account;

(ii) gross earnings or losses and beginning and ending balances for each investment option as reported by the investment providers;

(iii) amounts remitted to the Contractor as its compensation hereunder;

(iv) amounts remitted to the Board pursuant to Sec. 13 and 14 of this Agreement;

(v) amounts withdrawn from administration, either for payment to Participants or their beneficiaries, or for purchase of annuities making such payments over time;

(vi) premium payments and beginning and ending aggregate cash surrender values with respect to any Plan life insurance option;

(vii) a balance sheet for each Plan showing the total value of all Plan assets and liabilities at the beginning and end of the year;

(viii) a narrative description of the methodology used to value, for each Plan, all Plan assets and allocate earnings, losses and expenses among Participants;

(ix) a reconciliation, for each Plan, of each Plan's receipts, disbursements and individual Participant allocations to the income statement and balance sheet.

(c) The Contractor acknowledges that other than a discrepancy or loss attributable to a former administrator of the Plans, which loss or discrepancy could not have been reasonably discovered by the Contractor, it is charged with record keeping for each of the Plans, and that Participant records are its responsibility.

(d) If:

(i) the Contractor is unable to produce a timely accurate financial statement for a Plan as required hereunder, or:

(ii) the accounting firm retained by the Board is not able to perform or complete an examination of a Plan in accordance with generally accepted auditing standards and to offer, within nine months after the close of the year, an unqualified opinion that the financial statement for that Plan as presented to it represents fairly the financial position and results of that Plan in conformity with generally accepted accounting principles applied on a consistent basis (except for such qualifications as the auditors may determine are not the fault of the Contractor), then that event shall be deemed a material breach of this Agreement. Such a material breach as defined herein shall entitle the Board to immediately terminate this Agreement without any liability for costs or expense that the Contractor or related entities may have incurred. The Board may also seek such recompense from the Contractor as is necessary to compensate the Plan for any necessary and reasonable expense incurred in producing an accurate financial statement and Participant allocation. In the event that termination under this provision does occur the Contractor shall fulfill its termination responsibilities as contemplated under Sec. 23 hereof, and shall be liable for any directly resulting, necessary, reasonable, and itemized expense incurred by the Board by reason of such termination. The Board's right to terminate this Agreement for

default of the Contractor in timely production of a reconciled annual financial statement, or for the inability of the Board's auditor to timely furnish an unqualified opinion thereon, shall not apply if the failure is caused by delays in receipt by the Contractor of accurate confirmations of financial transactions and closing balances from one or more investment providers under the Plan, or necessary information from Participants or Payroll centers; delays in receipt by the auditor of required representations from the Board or its legal counsel; or by delays caused by the Board's auditor in completing its examination in a timely manner; but in order to be entitled to this waiver of normally applicable default, the Contractor must: (a) timely request the information; (b) notify the Board in writing in advance of the deadline dates of the particular information sought and the lack of its receipt, with copies of its written request. In such event the timeliness requirement, whether for the Plan financial statement, or for the auditors opinion, shall be suspended during the period beginning on the date of the Contractor's request for information and ending on the date the Contractor receives such information from the Provider or other party, with the due dates for same being extended for an identical period.

(e) The right of immediate termination granted hereunder shall apply for the Agreement as a whole, even if the Contractor error or omission occurs only with respect to one of the Plans administered hereunder.

(f) The Contractor agrees that its accounting for, and method of purchasing and liquidating, assets of the Plan shall be in full compliance with all applicable insurance and securities laws and regulations of the Securities and Exchange Commission; and that its accounting procedures will account for the pricing of purchases and redemptions as actually effected with the individual investment providers.

(g) The termination rights possessed by the Board under this section are in addition to, and not in limitation of, any other rights of terminations possessed by the Board under other provisions of this Agreement, or by State law.

7. **Participant Statements.**

(a) The Contractor shall prepare and mail to Participants a quarterly statement showing all account activity, and beginning and ending balances for the period then ending, all in a format to be agreed upon between the Board and the Contractor. The statement format shall contain at least the data and information contained in the current Participant statement, including, but not limited to, an explicit separate line item for mutual fund fee reductions.

(b) The Contractor may not send to any Participant a statement that it believes may be in error and shall hold such statement until the error is resolved. The Contractor shall send to the Board a per Participant list of all statements so held. All other Participant statements shall be mailed within 10 business days of the close of the quarter unless the Board has granted the Contractor a reasonable extension of time for good cause outside of the Contractor's control. Failure to meet a 95% timely mailing rate for any two statement periods out of the most recent four statement periods shall entitle the Board to terminate this Agreement at the December 31 next following, without any liability for such termination.

8. **Records.**

(a) The Contractor agrees to deliver to the Board, at its request, a duplicate copy of records of all Plan transactions during the year. This delivery shall consist of duplicates of the quarterly statements mailed to all Participants for that year, and shall be delivered in the form specified by the Board. The Contractor also agrees to maintain Plan transaction records converted to a reduced storage medium (such as microfilm, micro-fiche, computer tape, compact disc, or similar electronic storage medium), in fireproof, flood proof facility, and to maintain during the term of this Agreement a data and record security system at least equal in scope and security to that described in its proposal.

(b) The Contractor agrees to maintain (and to deliver to the Board pursuant to Sec. 23 hereof, dealing with termination of the Agreement) all records of Plan transactions and Participant elections necessary to fully administer the Plans upon termination of the Agreement. The Contractor warrants that existing records for past Plan activity are in good working order, and actually exist; that any subsequently discovered deficiency in same shall be corrected by the Contractor within 6 months of

notice to it; and that the Contractor will be liable for any loss or ordinary and reasonable expenses incurred by the Board because of a subsequently discovered record keeping deficiency.

9. **Fund Management.**

(a) The parties agree that the Plans shall be administered through operation of one or more custodial accounts into which all contributions shall be directed and out of which all disbursements shall be made, whether for investment, remission to the Board for such charges as it may impose, compensation of the Contractor for services performed as administrator, or withdrawal of funds from the Plans by a Participant, whether for payment directly to him or her or for purchase of one or more annuities. The State of Maryland shall determine the bank or banks that will provide the custodial accounts, which accounts shall be owned by the Plans for which the transactions are conducted and, in the case of the §457 Plan, the §401(k) plan, and the §401(a) plan held in trust for the exclusive benefit of the Plan Participants and their beneficiaries. While the Board by reason of this Agreement contemplates that the Contractor shall have certain powers to direct the transactions of these accounts, as agent for the Board, any of said powers may be terminated by the Board at any time, for any reason, in its sole and unrestricted discretion; provided, however, that if the Contractor's authority to direct transactions of said account is terminated, and no substitute bank or method of accomplishing Plan transactions is devised by the Board, the Contractor shall not be deemed in breach of this Agreement by reason of a failure to continue processing Plan transactions that is caused by such a termination. The Board shall be liable in the event of cessation of authorization for any monies advanced by the Contractor into the account.

(b) The Contractor's powers of direction of funds from said custodial account shall be solely that of agent for the Board and shall be limited to: (i) the direction of funds to investment media maintained under the Plan; (ii) payments to Plan Participants or their beneficiaries as authorized under the Plans (except for payments under an annuity); (iii) payment to itself on a monthly basis of such compensation due it under Sec. 10, 11 and 12 of this Agreement. Payments under (b)(iii) hereof may be stopped in the sole discretion of the Board if the Contractor's rights to payment is disputed. Such a cessation of payment of compensation shall not serve to eliminate the Contractor's continuing obligation to perform hereunder; and the Contractor and the Board agree that they are subject to the provisions of

Maryland procurement law concerning resolution of Agreement disputes. Pending resolution of a dispute the Contractor shall proceed diligently with its required performance under this Agreement in accordance with the decision of the Procurement Officer as may be appointed by the Board from time to time; provided however, that payments withheld from the Contractor under this provision shall be only as recompense for an itemized list of recoverable damages or expense presented to the Contractor by the Procurement Officer. Once such amounts withheld, or to be withheld, exceed, in the aggregate, an amount equal to one year's estimated compensation, and the Contractor has received no compensation by reason of said stop payment for a four month period, the Contractor's duty to perform its obligations on a continuing basis shall be suspended.

(c) Any net earnings (after custodial account expenses) of the custodial account shall be the sole property of the Plans for which the particular account is used.

**10. Compensation.**

Compensation to the Contractor shall be at the rate set forth in its price proposal, and calculated in the manner therein described on the asset base for such charges as specified in Ex. C, the Request For Proposals.

**11. Method of Payment to the Contractor of Compensation Under Sec.10.**

All payments to the Contractor for the charges imposed under Sec. 10 shall be made by:

- (a) the Contractor determining the accumulated dollar amount of monthly charges to which it is entitled because of the charges due to it under Sec. 10 hereof;
- (b) the redemption by the Contractor of sufficient mutual fund shares, and/or withdrawals from insurance contracts (other than life insurance contracts), and/or reduction of investment purchases, to fund said sum;
- (c) the direction of said resulting funds into the custodial account;
- (d) the presentation to the Board of an invoice reflecting the transactions and showing the calculation method used to arrive at same.

(e) withdrawal of the invoiced amount by the Contractor from the custodial account five business days later if prior to that time no written objection has been made by the Board and delivered to the Contractor.

**13. Board charges.**

(a) It is expressly agreed that under the administration format contemplated by this Agreement certain charges are to be imposed by the Board on assets administered by and accounted for by the Contractor to pay for its own administration expenses for the Plans. The Contractor agrees to collect said charges, and remit the proceeds thereof into the custodial account for withdrawal by the Board. Said charges shall be the property of the Plan to which they relate whether before or after collection by the Contractor and remittance to the Board. The types of charges that may be imposed are:

(i) percentage charges against assets, identical in format and calculation method to the remuneration received by the Contractor under sec. 10 hereof.

(ii) monthly Participant charges on a per capita basis;

(iii) transaction charges based upon transfer of account values among the investment options of the Plans.

(b) At the commencement of this Agreement the only charges to be imposed is that specified in (a)(i) and (ii) above, and the Board shall give 90 days notice to the Contractor if any different type of permitted charge as specified in this Sec. 13 is to be imposed and then accounted for and collected by the Contractor.

**14. Calculation of Board charges.**

The charges to be imposed under Sec. 13 hereof shall be collected by the Contractor and remitted to the custodial account for subsequent withdrawal by the Board to its own account in an identical manner to the Contractor charge under Sec. 10 hereof. The failure of the Contractor to actually receive (by withdrawal from the custodial account) compensation due to it shall not affect its obligation to collect and remit the Board charges as aforesaid.

15. **Administration Manual.**

The Contractor agrees to maintain and keep current for Board and auditor inspection a full and complete administration manual containing:

(a) all forms currently used by Participants or the Board in connection with the operations of the Plans.

(b) narrative descriptions of how transaction under the Plans are processed by the Contractor and accounted for:

(c) a narrative description of how each item on the Plan financial statement is determined.

(d) a narrative description of each account in the general ledger that the Contractor will maintain under the provisions of Sec. 16 hereof.

16. **General Ledger.**

The Contractor agrees to maintain a general ledger for Plan transactions. The general ledger currently maintained for the Plan properly reflects Plan financial transactions and, with supporting documentation, is sufficient to verify that any Participant's account is properly reflected on the Contractor's books and records, and that the Contractor is liable for any loss or expense occasioned by any deficiency in the Contractor's general ledger, prospectively. The Contractor agrees that the general ledger maintained by it contains within it all accounts used to perform a full reconciliation between the values reported on Participant statements, and the values of each Plan as a whole.

17. **Contractor Personnel.**

The Contractor agrees to provide sufficient personnel within the State of Maryland to perform the required marketing and enrollment services hereunder and to furnish to the Board twice a year a schedule listing the names of individuals employed within Maryland. The Contractor agrees that no personnel shall be compensated on a basis that varies their remuneration according to the investment option selected by a Participant, and that no employee may receive compensation directly or indirectly from any investment provider under the Plans for any Participant election or investment within the Plans. The Contractor reaffirms all representations made during the proposal process with respect to the

number of representatives, and the duties of representatives to be employed and provide services under this agreement. The Contractor reaffirms its commitment in the RFP that four (4) of the full-time personnel provided to perform services under this agreement, shall be residents in its Maryland office, and have as their principle duty retirement/distribution counseling to participants.

**18. Responsibilities of the Board.**

The Board agrees to the following provisions:

(a) The Board shall assist the Contractor in arranging group meetings and presentation sessions so that the Contractor can fulfill its duty to communicate the Plans' availability, provisions and options to all eligible employees of the State, in order to encourage the greatest possible participation. The Board shall promote the growth of the Plans through direct communication with eligible employees, in a manner deemed appropriate by the Board.

(b) The Board shall arrange through the various payroll offices within the State for reductions from the salaries and wages of all participating employees. All amounts so contributed shall be remitted by the appropriate payroll center (or the Treasurer's office) to such custodian bank as the Board may designate.

(c) The Board shall authorize the Contractor, and give notice to any custodian bank of such authorization, to act as its agent in directing the custodian bank to transmit all Plan deferrals to the appropriate investment providers, as designated by Participants, all subject to the limitations of Sec. 8 hereof, dealing with custodial account operation. The Contractor shall also be responsible for paying normal and customary net banking charges on behalf of the plans pursuant to a banking service agreement arranged through the Maryland State Treasurer's representatives.

(d) The Board shall enter into contracts with the companies offering any insurance or investment products approved by the Board for funding the Plan. The Contractor will assist the State in negotiating such contracts on the most favorable cost and return basis to Participants. The Board agrees that investment providers will be required by the Board to furnish on a timely and accurate basis all information necessary for the Contractor proper accounting and administration of the Plans.

(e) The Board agrees that all investment options made available to Participants under the Plans will be exclusively marketed and administered by the Contractor during the term of this Agreement, subject to all of the provisions of this Agreement, including those relating to compensation.

(f) The Board shall be responsible for all material Plan policy decisions, once the Contractor has presented such matter to the Board for decision in suitable form. The Contractor shall be responsible for operational decisions, such as determining whether a particular Participant is entitled to withdraw from a Plan by reason of financial hardship, determining the precise date and methods of distributing the benefits to participants, determining whether a person is eligible for participation in the Plan, all according to standards set by the Board.

(g) The Board shall, within thirty (30) days of receipt, review and approve or disapprove all descriptive literature, advertising material, and visual aids proposed by the Contractor for communicating in presenting the Plan and its options to eligible employees. Unless the Board, through staff, explicitly disapproves material within thirty (30) days, approval shall be deemed given. The Contractor is required to submit any such material to the Board prior to its use.

(h) The Board shall make available to the Contractor those records and information in its possession or control that the Contractor believes is essential to the proper administration of the Plans.

19. **Books and Records.**

(a) **Inspection by State:** All books, records, ledgers, and journals of the Contractor relating to the operation of the Plans shall be open upon reasonable advance notice for inspection by the Board, or its designated agents, attorneys, and accountants at any time during normal working hours at the location in which such material is maintained by the Contractor. In addition, the Board and its designated agents, attorneys, and accountants may examine those books, records, ledgers, and journals of the Contractor which relate to: (i) the operation of the Plans; (ii) the compensation and expenses derived by the Contractor or its employees or agents from services performed under this Agreement; (iii) the ability of the Contractor to carry out the duties and responsibilities undertaken through this Agreement; (iv) any transaction between the Contractor and any company affiliated with the Contractor

that relates to the administration of this Plan; and (v) any record of the Contractor relating to purchases or contracts made to achieve the Minority Business Enterprise participation goal of the RFP and exhibits to this Agreement.

(b) **Ownership and Access:** All material, records, documents, and accounting records relating to deferred or invested amounts of the Plans maintained by the Contractor shall at all times remain the property of the Board notwithstanding the fact that the records may be stored upon or within one or more computers or data retention systems owned, operated, or leased by the Contractor. The Board shall, during normal business hours and upon reasonable notice, have access to those records. The the Contractor data processing system and related software shall, at all times, remain the exclusive property of the Contractor or its corporate parent, subject to the obligation of the Contractor to convert any data maintained on such system to usable hard copy or electronic format if necessary for the Board to administer the Plan upon termination of the Contractor's services.

20. **Additional Covenants and Representations of Administrator.**

(a) All information obtained by the Contractor from the Board or from any employee of the State, whether such employee becomes a Participant or not, shall be kept in absolute confidence and shall not be utilized by the Contractor or any of its personnel in connection with any other matters of any type, nor shall such information be disclosed to any other person or company, unless the prior written consent of the Board has been obtained, or unless such disclosure is required by some legal or regulatory authority. The Contractor warrants that the data and information obtained under this Agreement shall not be used as a device to market financial or insurance products to State employees, either during or after the term of this Agreement. The Contractor agrees to provide, upon request, sufficient information about its integrated data storage and financial product sales to assure compliance with this provision.

(b) Neither the Contractor nor any officer, shareholder, director, employee, or affiliate is subject to any present or threatened litigation or administrative proceeding before any court or

administrative body which would have a materially adverse affect on the Contractor. The Contractor agrees to give notice to the Board of the commencement of any such proceedings.

(c) The Contractor expressly agrees that during the existence of this Agreement, neither it, nor any parent, subsidiary or affiliated company of either, shall acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of its services hereunder. The Contractor agrees that neither they, nor any parent, subsidiary or affiliated company, shall receive any remuneration from any investment provider by reason of the selection, or continued maintenance of such investment provider by the Board, or selection by a Participant, or that is in any way related to the performance of services by the Contractor under this Agreement. The Contractor agrees that the acquisition of more than 50% of the stock in its controlling parent company by any company offering an investment option under the Plans, or the acquisition by them of more than 50% of the stock in one of the investment providers under the Plans, without the prior consent of the Board, shall give the Board the right to terminate this Agreement as soon as reasonably practicable thereafter, but not later than the December 31 next succeeding, without any liability on the Board for expenses or damages to the Contractor or any other party for early termination of this Agreement. Acquisition shall include not only direct acquisitions of stock by or of the relevant companies involved, but also acquisition of any corporation owning or controlling more than 50% of the stock of the Contractor; or similar indirect acquisition of an investment provider by the Contractor, or a company that owns or controls the stock of the Contractor.

**21. Term of Agreement - Effective Date.**

This Agreement shall be for five years, effective January 1, 2013, and concluding on December 31, 2017. As expressed in the Request For Proposals sec. 1.4, the Board, by option exercised on or before October 1, 2017 may extend the term of this Agreement for up to an additional twelve month period subject to termination with thirty days advance notice.

**22. Transition Responsibility.**

In the event that the Board gives notice to the Contractor that the Agreement shall terminate, the Contractor shall, immediately upon receipt of such notice, commence performance of its



Resolution approved at a  
meeting held \_\_\_\_\_.

Approved as to Form and  
Sufficiency this \_\_\_\_\_  
Day of \_\_\_\_\_, 201\_\_.

---

## STANDARD CONTRACT TERMS

**1. Consideration and Payment**

1.1 In consideration of the satisfactory performance of the work set forth in this Contract, the Board shall pay the Contractor in accordance with the terms of the Contractor's Financial Proposal.

1.2 Any invoice from the Contractor must reflect the Contractor's federal tax identification number. . The Contractor is required to register with eMarylandMarketplace and report their registration number. Payments to the Contractor pursuant to this Contract shall be made no later than 30 days after the State's receipt of a proper invoice from the Contractor. Charges for late payment of invoices, other than as prescribed by Title 15, Subtitle 1, of the State Finance and Procurement Article, Annotated Code of Maryland, are prohibited. The final payment under this Contract will not be made until after certification is received from the Comptroller of the State that all taxes have been paid.

1.3 In addition to any other available remedies if, in the opinion of the Procurement Officer, the Contractor fails to perform in a satisfactory and timely manner, the Procurement Officer may refuse or limit approval of any invoice for payment, and may cause payments to the Contractor to be reduced or withheld until such time as the Contractor meets performance standards as established by the Procurement Officer pursuant to this Contract. The Board of Trustees and its designees shall constitute the final acceptance authority for work performed.

**2. Personnel**

2.1 Contractor agrees that all personnel identified in its Technical Proposal shall be assigned to the Board account for the term of the Contract, including any extension, unless such personnel are no longer employed by the Contractor.

2.2 For each individual assigned by the Contractor to complete work pursuant to the Contract for whom the Contractor has not previously provided a resume to the Board, the Contractor shall provide a resume and identification of the labor category under which the individual shall work with the Task Order response provided by the Contractor.

**3. Rights to Records**

3.1 The Contractor agrees that all documents and materials, including but not limited to, reports, drawings, studies, specifications, estimates, tests, maps, photographs, designs, graphics, mechanical, artwork, computations and data prepared by the Contractor for purposes of this Contract shall be the sole property of the Board and shall be available to the Board at any time. The Board shall have the right to use the same without restriction and without compensation to the Contractor other than that specifically provided by this Contract. Nothing in this Article 6 shall abrogate or transfer any intellectual property rights of the Contractor in its proprietary information related to its methodologies, methods of analysis, ideas, know-how, methods, techniques and skills possessed prior to this Contract.

3.2 The Contractor agrees that at all times during the term of this Contract and thereafter, the works created and services performed under this Contract shall be "works made for hire" as that term is interpreted under U.S. copyright law. To the extent that any products created under this Contract are not works for hire for the

Board, the Contractor hereby relinquishes, transfers, and assigns to the Board all of its rights, title, and interest (including all intellectual property rights) to all such products created under this Contract, and will cooperate reasonably with the Board in effectuating and registering any necessary assignments.

3.3 The Contractor shall report to the Board, promptly and in written detail, each notice or claim of copyright infringement received by the Contractor with respect to all data delivered under this Contract.

3.4 The Contractor shall not affix any restrictive markings upon any data and if such markings are affixed, the Board shall have the right at any time to modify, remove, obliterate, or ignore such warnings.

3.5 Upon termination of this Contract, the Contractor, at its own expense, shall deliver any equipment, software or other property provided by the Board to the place designated by the Procurement Officer.

#### **4. Confidentiality**

Subject to the Maryland Public Information Act and any other applicable laws, including the Health Insurance Portability and Accountability Act, the Maryland Confidentiality of Records Act and the implementing regulations promulgated pursuant thereto, all confidential or proprietary information and documentation relating to either party (including without limitation, any information or data stored within the Contractor's computer systems) shall be held in absolute confidence by the other party. Each party shall, however, be permitted to disclose relevant confidential information to its officers, agents and employees to the extent that such disclosure is necessary for the performance of their duties under this Contract, provided the data may be collected, used, disclosed, stored and disseminated only as provided by and consistent with the law and the confidentiality provisions of the RFP. The provisions of this section shall not apply to information that (a) is lawfully in the public domain; (b) has been independently developed by the other party without violation of this Contract; (c) was already in the possession of such party; (d) was supplied to such party by a third party lawfully in possession thereof and legally permitted to further disclose the information; or (e) which such party is required to disclose by law.

#### **5. Non-Hiring of Employees**

No official or employee of the State of Maryland as defined under State Government Article section 15-102, Annotated Code of Maryland, whose duties as such official or employee include matters relating to or affecting the subject matter of this Contract shall, during the pendency and term of this Contract and while serving as an official or employee of the State become or be an employee of the Contractor or any entity that is a subcontractor on this Contract.

#### **6. Disputes**

This Contract shall be subject to the provisions of Title 15, Subtitle 2, of the State Finance and Procurement Article of the Annotated Code of Maryland, and COMAR 21.10 (Administrative and Civil Remedies). Pending resolution of a claim, the Contractor shall proceed diligently with the performance of the Contract in accordance with the Procurement Officer's decision. Unless a lesser period is provided by applicable statute, regulation, or the Contract, the Contractor must file a written notice of claim with the Procurement Officer within 30 days after the basis for the claim is known or should have been known, whichever is earlier. Contemporaneously with or within 30 days of the filing of a notice of claim, but no later than the date of

final payment under the Contract, the Contractor must submit to the Procurement Officer its written claim containing the information specified in COMAR 21.10.04.02.

## **7. Maryland Law**

This Contract shall be construed, interpreted, and enforced according to the laws of the State of Maryland. Any and all references to the Annotated Code of Maryland contained in this Contract shall be construed to refer to such Code sections as from time to time amended.

## **8. Nondiscrimination in Employment**

The Contractor agrees: (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry, or disability of a qualified individual with a disability; (b) to include a provision similar to that contained in subsection (a), above, in any subcontract except a subcontract for standard commercial supplies or raw materials; and (c) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause.

## **9. Contingent Fee Prohibition**

The Contractor warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the Contractor to solicit or secure this Contract, and that it has not paid or agreed to pay any person, partnership, corporation or other entity, other than a bona fide employee, bona fide salesperson or commercial selling agency, any fee or other consideration contingent on the making of this Contract.

## **10. Nonavailability of Funding**

If the General Assembly fails to appropriate funds or if funds are not otherwise made available for continued performance for any fiscal period of this Contract succeeding the first fiscal period, this Contract shall be canceled automatically as of the beginning of the fiscal year for which funds were not appropriated or otherwise made available; provided, however, that this will not affect either the State's rights or the Contractor's rights under any termination clause in this Contract. The effect of termination of the Contract hereunder will be to discharge both the Contractor and the State from future performance of the Contract, but not from their rights and obligations existing at the time of termination. The Contractor shall be reimbursed for the reasonable value of any nonrecurring costs incurred but not amortized in the price of the Contract. The State shall notify the Contractor as soon as it has knowledge that funds may not be available for the continuation of this Contract for each succeeding fiscal period beyond the first.

## **11. Termination for Cause**

If the Contractor fails to fulfill its obligations under this Contract properly and on time, or otherwise violates any provision of the Contract, the State may terminate the Contract by written notice to the Contractor. The notice shall specify the acts or omissions relied upon as cause for termination. All finished or unfinished work provided by the Contractor shall, at the State's option, become the State's property. The State of Maryland shall pay the Contractor fair and equitable compensation for satisfactory performance prior to receipt of notice of termination, less the amount of damages caused by the Contractor's breach. If the

damages are more than the compensation payable to the Contractor, the Contractor will remain liable after termination and the State can affirmatively collect damages. Termination hereunder, including the termination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.11B.

## **12. Termination for Convenience**

The performance of work under this Contract may be terminated by the State in accordance with this clause in whole, or from time to time in part, whenever the State shall determine that such termination is in the best interest of the State. The State will pay all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination, and all reasonable costs associated with termination of the Contract; provided, however, the Contractor shall not be reimbursed for any anticipatory profits that have not been earned up to the date of termination. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.12 (A) (2).

## **13. Delays and Extensions of Time**

The Contractor agrees to perform the work under this Contract continuously and diligently. No charges or claims for damages shall be made by the Contractor for any delays or hindrances from any cause whatsoever during the progress of any portion of the work specified in this Contract. Time extensions will be granted only for excusable delays that arise from unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including but not restricted to acts of God, acts of the public enemy, acts of the State in either its sovereign or contractual capacity, acts of another contractor in the performance of a contract with the State, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or delays of subcontractors or suppliers arising from unforeseeable causes beyond the control and without the fault or negligence of either the Contractor or the subcontractors or suppliers.

## **14. Suspension of Work**

The State unilaterally may order the Contractor in writing to suspend, delay, or interrupt all or any part of its performance for such period of time as the Procurement Officer or Contract Manager may determine to be appropriate for the convenience of the State.

## **15. Pre-Existing Regulations**

In accordance with the provisions of Section 11-206 of the State Finance and Procurement Article, Annotated Code of Maryland, the regulations set forth in Title 21 of the Code of Maryland Regulations (COMAR 21) in effect on the date of execution of this Contract are applicable to this Contract.

## **16. Financial Disclosure**

The Contractor shall comply with the provisions of Section 13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, which requires that every business that enters into contracts, leases, or other agreement with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more, shall within 30 days of the time when the aggregate

value of these contracts, leases or other agreements reaches \$100,000, file with the Secretary of the State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

### **17. Political Contribution Disclosure**

The Contractor shall comply with the Election Law Article, Sections 14-101 through 14-108, of the Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State, a county or an incorporated municipality or their agencies, during a calendar year under which the person receives in the aggregate \$100,000 or more, shall file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election. The statement shall be filed with the State Board of Elections: (1) before a purchase or execution of a lease or contract by the State, a county, an incorporated municipality, or their agencies, and shall cover the preceding two calendar years; and (2) if the contribution is made after the execution of a lease or contract, then twice a year, throughout the contract term, on: (a) February 5, to cover the 6-month period ending January 31; and (b) August 5, to cover the 6-month period ending July 31.

### **18. Retention of Records**

The Contractor shall retain and maintain all records and documents in any way relating to this Contract for six years after final payment by the State of Maryland under this Contract or any applicable statute of limitations, whichever is longer, and shall make them available for inspection and audit by authorized representatives of the State, including the Procurement Officer or the Procurement Officer's designee, at all reasonable times. All records related in any way to the Contract are to be retained for the entire time provided under this section. This section shall survive expiration of this Contract.

### **19. Compliance with Laws**

The Contractor hereby represents and warrants that:

- A. It is qualified to do business in the State of Maryland and that it will take such action as, from time to time hereafter, may be necessary to remain so qualified;
- B. It is not in arrears with respect to the payment of any monies due and owing the State of Maryland, or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Contract;
- C. It shall comply with all federal, State and local laws, regulations, and ordinances applicable to its activities and obligations under this Contract; and
- D. It shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Contract.

**20. Cost and Price Certification**

By submitting cost or price information, the Contractor certifies to the best of its knowledge that the information submitted is accurate, complete, and current as of a mutually determined specified date prior to the conclusion of any price discussions or negotiations.

The price under this Contract and any change order or modification hereunder, including profit or fee, shall be adjusted to exclude any significant price increases occurring because the Contractor furnished cost or price information which, as of the date agreed upon by the parties, was inaccurate, incomplete, or not current.

**21. Subcontracting; Assignment**

The Contractor may not subcontract any portion of the services provided under this Contract without obtaining the prior written approval of the State of Maryland, nor may the Contractor assign this Contract or any of its rights or obligations hereunder, without the prior written approval of the State. Any such subcontract or assignment shall be subject to any terms and conditions that the Board deems necessary to protect the interest of the State. The Board shall not be responsible for the fulfillment of the Contractor's obligations to the subcontractors.

**22. Indemnification**

22.1 The Contractor shall indemnify the State against liability for any costs, expenses, loss, suits, actions, or claims of any character arising from or relating to the performance of the Contractor or its subcontractors under this Contract.

22.2 The State of Maryland has no obligation to provide legal counsel or defense to the Contractor or its subcontractors in the event that a suit, claim or action of any character is brought by any person not party to this Contract against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this Contract.

22.3 The State has no obligation for the payment of any judgments or the settlement of any claims against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this Contract.

22.4 The Contractor shall immediately notify the Procurement Officer of any claim or suit made or filed against the Contractor or its subcontractors regarding any matter resulting from or relating to the Contractor's obligations under the Contract, and will cooperate, assist, and consult with the State in the defense or investigation of any claim, suit, or action made or filed against the State as a result of or relating to the Contractor's performance under this Contract.

22.5 This Section 22 survives the termination of this Contract.

**23. Prompt Pay Requirements**

23.1 If the Contractor withholds payment of an undisputed amount to its subcontractor, the Board, at its option and in its sole discretion, may take one or more of the following actions:

- (a) Not process further payments to the contractor until payment to the subcontractor is verified;
- (b) Suspend all or some of the contract work without affecting the completion date(s) for the contract work;
- (c) Pay or cause payment of the undisputed amount to the subcontractor from monies otherwise due or that may become due;
- (d) Place a payment for an undisputed amount in an interest-bearing escrow account; or
- (e) Take other or further actions as appropriate to resolve the withheld payment.

23.2 An “undisputed amount” means an amount owed by the Contractor to a subcontractor for which there is no good faith dispute. Such “undisputed amounts” include, without limitation:

- (a) Retainage which had been withheld and is, by the terms of the agreement between the Contractor and subcontractor, due to be distributed to the subcontractor; and
- (b) An amount withheld because of issues arising out of an agreement or occurrence unrelated to the agreement under which the amount is withheld.

23.3 An act, failure to act, or decision of a Procurement Officer or a representative of the Board, concerning a withheld payment between the Contractor and a subcontractor under this provision, may not:

- (a) Affect the rights of the contracting parties under any other provision of law;
- (b) Be used as evidence on the merits of a dispute between the Board and the Contractor in any other proceeding; or
- (c) Result in liability against or prejudice the rights of the Board.

23.4 The remedies enumerated above are in addition to those provided under COMAR 21.11.03.13 with respect to subcontractors that have contracted pursuant to the Minority Business Enterprise program.

23.5. To ensure compliance with certified MBE subcontract participation goals, the Board may, consistent with COMAR 21.11.03.13, take the following measures:

- (a) Verify that the certified MBEs listed in the MBE participation schedule actually are performing work and receiving compensation as set forth in the MBE participation schedule.
- (b) This verification may include, as appropriate:
  - i. Inspecting any relevant records of the Contractor;
  - ii. Inspecting the jobsite; and
  - iii. Interviewing subcontractors and workers.
  - iv. Verification shall include a review of:
    - a. The Contractor’s monthly report listing unpaid invoices over 30 days old from certified MBE subcontractors and the reason for nonpayment; and
    - b. The monthly report of each certified MBE subcontractor, which lists payments received from the Contractor in the preceding 30 days and invoices for which the subcontractor has not been paid.
- (c) If the Board determines that the Contractor is in noncompliance with certified MBE participation goals, then the Board will notify the Contractor in writing of its findings, and will require the Contractor to take appropriate corrective action. Corrective action may include, but is not limited to, requiring the Contractor to compensate the MBE for work performed as set forth in the MBE participation schedule.
- (d) If the Board determines that the Contractor is in material noncompliance with MBE contract provisions and refuses or fails to take the corrective action that the Board requires, then the Board may:

- i. Terminate the contract;
- ii. Refer the matter to the Office of the Attorney General for appropriate action; or
- iii. Initiate any other specific remedy identified by the contract, including the contractual remedies required by this Directive regarding the payment of undisputed amounts.

(e) Upon completion of the Contract, but before final payment or release of retainage or both, the Contractor shall submit a final report, in affidavit form under the penalty of perjury, of all payments made to, or withheld from MBE subcontractors.

## 24. Living Wage

Contractors and Subcontractors subject to the Living Wage Law shall pay each covered employee at least **the minimum amount set by law for the applicable Tier**. If a Contractor is an out of state contractor, this contract is deemed to be a Tier 1 Contract.

## 25. Commercial Non-Discrimination

25.1 As a condition of entering into this Contract, Contractor represents and warrants that it will comply with the State's Commercial Nondiscrimination Policy, as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland. As part of such compliance, Contractor may not discriminate on the basis of race, color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or other unlawful forms of discrimination in the solicitation, selection, hiring, or commercial treatment of subcontractors, vendors, suppliers, or commercial customers, nor shall Contractor retaliate against any person for reporting instances of such discrimination. Contractor shall provide equal opportunity for subcontractors, vendors, and suppliers to participate in all of its public sector and private sector subcontracting and supply opportunities, provided that this clause does not prohibit or limit lawful efforts to remedy the effects of marketplace discrimination that have occurred or are occurring in the marketplace. Contractor understands that a material violation of this clause shall be considered a material breach of this Contract and may result in termination of this Contract, disqualification of Contractor from participating in State contracts, or other sanctions. This clause is not enforceable by or for the benefit of, and creates no obligation to, any third party.

25.2 The Contractor shall include the above Commercial Nondiscrimination clause, or similar clause approved by the Board, in all subcontracts.

25.3 As a condition of entering into this Contract, upon the Maryland Human Relations Commission's request, and only after the filing of a complaint against Contractor under Title 19 of the State Finance and Procurement Article Contractor agrees to provide within 60 days after the request a complete list of the names of all subcontractors, vendors, and suppliers that Contractor has used in the past 4 years on any of its contracts that were undertaken within the state of Maryland, including the total dollar amount paid by Contractor on each subcontract or supply contract. Contractor further agrees to cooperate in any investigation conducted by the State pursuant to the State's Commercial Nondiscrimination Policy as set forth under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland, and to provide any documents relevant to any investigation that are requested by the State. Contractor understands that violation of this clause is a material breach of this Contract and may result in contract termination, disqualification by the State from participating in State contracts, and other sanctions.

**26. Loss of Data**

In the event of loss of any State data or records where such loss is due to the intentional act or omission or negligence of the Contractor or any of its subcontractors or agents, the Contractor shall be responsible for recreating such lost data in the manner and on the schedule set by the Contract Manager. The Contractor shall ensure that all data is backed up and recoverable by the Contractor. Contractor shall use its best efforts to assure that at no time shall any actions undertaken by the Contractor under this Contract (or any failures to act when Contractor has a duty to act) damage or create any vulnerabilities in data bases, systems, platforms and/or applications with which the Contractor is working hereunder.

**THE BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK**

**BID/PROPOSAL AFFIDAVIT****A. AUTHORITY**

I HEREBY AFFIRM THAT:

I am the (title) \_\_\_\_\_ and the duly authorized representative of (business) \_\_\_\_\_ and that I possess the legal authority to make this Affidavit on behalf of myself and the business for which I am acting.

**B. CERTIFICATION REGARDING COMMERCIAL NONDISCRIMINATION**

The undersigned bidder hereby certifies and agrees that the following information is correct: In preparing its bid on this project, the bidder has considered all proposals submitted from qualified, potential subcontractors and suppliers, and has not engaged in "discrimination" as defined in §19-103 of the State Finance and Procurement Article of the Annotated Code of Maryland. "Discrimination" means any disadvantage, difference, distinction, or preference in the solicitation, selection, hiring, or commercial treatment of a vendor, subcontractor, or commercial customer on the basis of race, color, religion, ancestry, or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or any otherwise unlawful use of characteristics regarding the vendor's, supplier's, or commercial customer's employees or owners. "Discrimination" also includes retaliating against any person or other entity for reporting any incident of "discrimination". Without limiting any other provision of the solicitation on this project, it is understood that, if the certification is false, such false certification constitutes grounds for the State to reject the bid submitted by the bidder on this project, and terminate any contract awarded based on the bid. As part of its bid or proposal, the bidder herewith submits a list of all instances within the past 4 years where there has been a final adjudicated determination in a legal or administrative proceeding in the State of Maryland that the bidder discriminated against subcontractors, vendors, suppliers, or commercial customers, and a description of the status or resolution of that determination, including any remedial action taken. Bidder agrees to comply in all respects with the State's Commercial Nondiscrimination Policy as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland.

**B-1. CERTIFICATION REGARDING MINORITY BUSINESS ENTERPRISES.**

The undersigned bidder hereby certifies and agrees that it has fully complied with the State Minority Business Enterprise Law, State Finance and Procurement Article, §14-308(a)(2), Annotated Code of Maryland, which provides that, except as otherwise provided by law, a contractor may not identify a certified minority business enterprise in a bid or proposal and:

- (1) Fail to request, receive, or otherwise obtain authorization from the certified minority business enterprise to identify the certified minority proposal;
- (2) Fail to notify the certified minority business enterprise before execution of the contract of its inclusion in the bid or proposal;
- (3) Fail to use the certified minority business enterprise in the performance of the contract; or
- (4) Pay the certified minority business enterprise solely for the use of its name in the bid or proposal.

Without limiting any other provision of the solicitation on this project, it is understood that if the certification is false, such false certification constitutes grounds for the State to reject the bid submitted by the bidder on this project, and terminate any contract awarded based on the bid.

C. AFFIRMATION REGARDING BRIBERY CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business (as is defined in Section 16-101(b) of the State Finance and Procurement Article of the Annotated Code of Maryland), or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies has been convicted of, or has had probation before judgment imposed pursuant to Criminal Procedure Article, §6-220, Annotated Code of Maryland, or has pleaded nolo contendere to a charge of, bribery, attempted bribery, or conspiracy to bribe in violation of Maryland law, or of the law of any other state or federal law, except as follows (indicate the reasons why the affirmation cannot be given and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of person(s) involved, and their current positions and responsibilities with the business):

---

---

---

D. AFFIRMATION REGARDING OTHER CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies, has:

- (1) Been convicted under state or federal statute of:
  - (a) A criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract; or
  - (b) Fraud, embezzlement, theft, forgery, falsification or destruction of records or receiving stolen property;
- (2) Been convicted of any criminal violation of a state or federal antitrust statute;
- (3) Been convicted under the provisions of Title 18 of the United States Code for violation of the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. §1961 et seq., or the Mail Fraud Act, 18 U.S.C. §1341 et seq., for acts in connection with the submission of bids or proposals for a public or private contract;
- (4) Been convicted of a violation of the State Minority Business Enterprise Law, §14-308 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(5) Been convicted of a violation of §11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(6) Been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any law or statute described in subsections (1)—(5) above;

(7) Been found civilly liable under a state or federal antitrust statute for acts or omissions in connection with the submission of bids or proposals for a public or private contract;

(8) Been found in a final adjudicated decision to have violated the Commercial Nondiscrimination Policy under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland with regard to a public or private contract; or

(9) Admitted in writing or under oath, during the course of an official investigation or other proceedings, acts or omissions that would constitute grounds for conviction or liability under any law or statute described in §§B and C and subsections D(1)—(8) above, except as follows (indicate reasons why the affirmations cannot be given, and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved and their current positions and responsibilities with the business, and the status of any debarment):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

**E. AFFIRMATION REGARDING DEBARMENT**

**I FURTHER AFFIRM THAT:**

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities, including obtaining or performing contracts with public bodies, has ever been suspended or debarred (including being issued a limited denial of participation) by any public entity, except as follows (list each debarment or suspension providing the dates of the suspension or debarment, the name of the public entity and the status of the proceedings, the name(s) of the person(s) involved and their current positions and responsibilities with the business, the grounds of the debarment or suspension, and the details of each person's involvement in any activity that formed the grounds of the debarment or suspension).

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

**F. AFFIRMATION REGARDING DEBARMENT OF RELATED ENTITIES**

**I FURTHER AFFIRM THAT:**

(1) The business was not established and it does not operate in a manner designed to evade the application of or defeat the purpose of debarment pursuant to Sections 16-101, et seq., of the State Finance and Procurement Article of the Annotated Code of Maryland; and

(2) The business is not a successor, assignee, subsidiary, or affiliate of a suspended or debarred business, except as follows (you must indicate the reasons why the affirmations cannot be given without qualification):

---

---

---

G. SUB-CONTRACT AFFIRMATION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, has knowingly entered into a contract with a public body under which a person debarred or suspended under Title 16 of the State Finance and Procurement Article of the Annotated Code of Maryland will provide, directly or indirectly, supplies, services, architectural services, construction related services, leases of real property, or construction.

H. AFFIRMATION REGARDING COLLUSION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business has:

(1) Agreed, conspired, connived, or colluded to produce a deceptive show of competition in the compilation of the accompanying bid or offer that is being submitted;

(2) In any manner, directly or indirectly, entered into any agreement of any kind to fix the bid price or price proposal of the bidder or offeror or of any competitor, or otherwise taken any action in restraint of free competitive bidding in connection with the contract for which the accompanying bid or offer is submitted.

I. CERTIFICATION OF TAX PAYMENT

I FURTHER AFFIRM THAT:

Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, the State Department of Assessments and Taxation, and the Department of Labor, Licensing, and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

J. CONTINGENT FEES

I FURTHER AFFIRM THAT:

The business has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the business, to solicit or secure the Contract, and that the business has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency, any fee or any other consideration contingent on the making of the Contract.

K. ACKNOWLEDGEMENT

I ACKNOWLEDGE THAT this Affidavit is to be furnished to the Procurement Officer and may be distributed to units of: (1) the State of Maryland; (2) counties or other subdivisions of the State of Maryland; (3) other states; and (4) the federal government. I further acknowledge that this Affidavit is subject to applicable laws of the United States and the State of Maryland, both criminal and civil, and that nothing in this Affidavit or any contract resulting from the submission of this bid or proposal shall be construed to supersede, amend, modify or waive, on behalf of the State of Maryland, or any unit of the State of Maryland having jurisdiction, the exercise of any statutory right or remedy conferred by the Constitution and the laws of Maryland with respect to any misrepresentation made or any violation of the obligations, terms and covenants undertaken by the above business with respect to (1) this Affidavit, (2) the contract, and (3) other Affidavits comprising part of the contract.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: \_\_\_\_\_

By: \_\_\_\_\_ (print name of Authorized Representative and Affiant)

\_\_\_\_\_ (signature of Authorized Representative and Affiant)

*The remainder of this page is intentionally blank.*

**CONTRACT AFFIDAVIT**

**A. AUTHORITY**

I HEREBY AFFIRM THAT:

I am the (title) \_\_\_\_\_ and the duly authorized representative of (business) \_\_\_\_\_ and that I possess the legal authority to make this Affidavit on behalf of myself and the business for which I am acting.

**B. CERTIFICATION OF REGISTRATION OR QUALIFICATION WITH THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION**

I FURTHER AFFIRM THAT:

The business named above is a (check applicable box):

- (1) Corporation —  domestic or  foreign;
- (2) Limited Liability Company —  domestic or  foreign;
- (3) Partnership —  domestic or  foreign;
- (4) Statutory Trust —  domestic or  foreign;
- (5)  Sole Proprietorship.

and is registered or qualified as required under Maryland Law. I further affirm that the above business is in good standing both in Maryland and (IF APPLICABLE) in the jurisdiction where it is presently organized, and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation. The name and address of its resident agent (IF APPLICABLE) filed with the State Department of Assessments and Taxation is:

Name and Department ID Number: \_\_\_\_\_ Address: \_\_\_\_\_

and that if it does business under a trade name, it has filed a certificate with the State Department of Assessments and Taxation that correctly identifies that true name and address of the principal or owner as:

Name and Department ID Number: \_\_\_\_\_  
Address: \_\_\_\_\_.

**C. FINANCIAL DISCLOSURE AFFIRMATION**

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, the provisions of State Finance and Procurement Article, §13-221, Annotated Code of Maryland, which require that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a

calendar year under which the business is to receive in the aggregate \$100,000 or more shall, within 30 days of the time when the aggregate value of the contracts, leases, or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

**D. POLITICAL CONTRIBUTION DISCLOSURE AFFIRMATION**

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, Election Law Article, §§14-101 — 14-108, Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State of Maryland, including its agencies or a political subdivision of the State, during a calendar year in which the person receives in the aggregate \$100,000 or more shall file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election.

**E. DRUG AND ALCOHOL FREE WORKPLACE**

(Applicable to all contracts unless the contract is for a law enforcement agency and the agency head or the agency head's designee has determined that application of COMAR 21.11.08 and this certification would be inappropriate in connection with the law enforcement agency's undercover operations.)

I CERTIFY THAT:

(1) Terms defined in COMAR 21.11.08 shall have the same meanings when used in this certification.

(2) By submission of its bid or offer, the business, if other than an individual, certifies and agrees that, with respect to its employees to be employed under a contract resulting from this solicitation, the business shall:

(a) Maintain a workplace free of drug and alcohol abuse during the term of the contract;

(b) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of drugs, and the abuse of drugs or alcohol is prohibited in the business' workplace and specifying the actions that will be taken against employees for violation of these prohibitions;

(c) Prohibit its employees from working under the influence of drugs or alcohol;

(d) Not hire or assign to work on the contract anyone who the business knows, or in the exercise of due diligence should know, currently abuses drugs or alcohol and is not actively engaged in a bona fide drug or alcohol abuse assistance or rehabilitation program;

(e) Promptly inform the appropriate law enforcement agency of every drug-related crime that occurs in its workplace if the business has observed the violation or otherwise has reliable information that a violation has occurred;

(f) Establish drug and alcohol abuse awareness programs to inform its employees about:

- (i) The dangers of drug and alcohol abuse in the workplace;
- (ii) The business's policy of maintaining a drug and alcohol free workplace;
- (iii) Any available drug and alcohol counseling, rehabilitation, and employee assistance programs; and
- (iv) The penalties that may be imposed upon employees who abuse drugs and alcohol in the workplace;

(g) Provide all employees engaged in the performance of the contract with a copy of the statement required by §E(2)(b), above;

(h) Notify its employees in the statement required by §E(2)(b), above, that as a condition of continued employment on the contract, the employee shall:

- (i) Abide by the terms of the statement; and
- (ii) Notify the employer of any criminal drug or alcohol abuse conviction for an offense occurring in the workplace not later than 5 days after a conviction;

(i) Notify the procurement officer within 10 days after receiving notice under §E(2)(h)(ii), above, or otherwise receiving actual notice of a conviction;

(j) Within 30 days after receiving notice under §E(2)(h)(ii), above, or otherwise receiving actual notice of a conviction, impose either of the following sanctions or remedial measures on any employee who is convicted of a drug or alcohol abuse offense occurring in the workplace:

- (i) Take appropriate personnel action against an employee, up to and including termination; or
- (ii) Require an employee to satisfactorily participate in a bona fide drug or alcohol abuse assistance or rehabilitation program; and

(k) Make a good faith effort to maintain a drug and alcohol free workplace through implementation of §E(2)(a)—(j), above.

(3) If the business is an individual, the individual shall certify and agree as set forth in §E(4), below, that the individual shall not engage in the unlawful manufacture, distribution, dispensing, possession, or use of drugs or the abuse of drugs or alcohol in the performance of the contract.

(4) I acknowledge and agree that:

(a) The award of the contract is conditional upon compliance with COMAR 21.11.08 and this certification;

(b) The violation of the provisions of COMAR 21.11.08 or this certification shall be cause to suspend payments under, or terminate the contract for default under COMAR 21.07.01.11 or 21.07.03.15, as applicable; and

(c) The violation of the provisions of COMAR 21.11.08 or this certification in connection with the contract may, in the exercise of the discretion of the Board of Public Works, result in suspension and debarment of the business under COMAR 21.08.03.

F. CERTAIN AFFIRMATIONS VALID

I FURTHER AFFIRM THAT:

To the best of my knowledge, information, and belief, each of the affirmations, certifications, or acknowledgements contained in that certain Bid/Proposal Affidavit dated \_\_\_\_\_, 20\_\_\_\_, and executed by me for the purpose of obtaining the contract to which this Exhibit is attached remains true and correct in all respects as if made as of the date of this Contract Affidavit and as if fully set forth herein.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: \_\_\_\_\_

By: \_\_\_\_\_ (printed name of Authorized Representative and Affiant)

\_\_\_\_\_ (signature of Authorized Representative and Affiant)

**MINORITY BUSINESS ENTERPRISE PARTICIPATION**  
**MARYLAND SUPPLEMENTAL RETIREMENT PLANS**

**Purpose**

Contractor shall structure its procedures for the performance of the work required in this contract to attempt to achieve the minority business enterprise (MBE) goal stated in the Request for Proposals. MBE performance must be in accordance with this document, as authorized by Code of Maryland Regulations (COMAR) 21.11.03. Contractor agrees to exercise all good faith efforts to carry out the requirements set forth in this Attachment.

**MBE Goals and Sub goals**

An MBE subcontract participation goal of 15 percent of the total contract dollar amount has been established for this procurement. By submitting a response to this solicitation, the bidder or Offeror agrees that this percentage of the total contract dollar amount of the contract will be performed by certified minority business enterprises.

- ◆ A prime contractor — including an MBE prime contractor — must accomplish an amount of work not less than the MBE subcontract goal with certified MBE subcontractors.
- ◆ A prime contractor comprising a joint venture that includes MBE partner(s) must accomplish the MBE subcontract goal with certified MBE subcontractors.

**Solicitation and Contract Formation**

A bidder or Offeror must include with its bid or offer a completed *Certified MBE Utilization and Fair Solicitation Affidavit (Attachment D-1)* whereby:

- (1) the bidder or Offeror acknowledges the certified MBE participation goal or requests a waiver, commits to make a good faith effort to achieve the goal, and affirms that MBE subcontractors were treated fairly in the solicitation process.
- (2) the bidder or Offeror responds to the expected degree of Minority Business Enterprise participation as stated in the solicitation, by identifying the specific commitment of certified MBEs at the time of submission. The bidder or Offeror shall specify the percentage of contract value associated with each MBE subcontractor identified on the MBE Participation Schedule.

***If a bidder or Offeror fails to submit Attachment D-1 with the bid or offer as required, the Procurement Officer shall deem the bid non-responsive or shall determine that the offer is not reasonably susceptible of being selected for award.***

Within 10 working days from notification that it is the apparent awardee or from the date of the actual award, whichever is earlier, the apparent awardee must provide the following documentation to the Procurement Officer.

- (1) **Outreach Efforts Compliance Statement** (Attachment D-2)
- (2) **Subcontractor Project Participation Statement** (Attachment D-3)
- (3) If the apparent awardee believes a waiver (in whole or in part) of the overall MBE goal or of any sub goal is necessary, it must submit a fully documented waiver request that complies with COMAR 21.11.03.11.
- (4) Any other documentation required by the Procurement Officer to ascertain bidder or Offeror responsibility in connection with the certified MBE participation goal.

*If the apparent awardee fails to return each completed document within the required time, the Procurement Officer may determine that the apparent awardee is not responsible and therefore not eligible for contract award. If the contract has already been awarded, the award is voidable.*

### **Contract Administration Requirements**

Contractor shall:

1. Submit monthly to the Department a report listing any unpaid invoices, over 30 days old, received from any certified MBE subcontractor, the amount of each invoice and the reason payment has not been made.
2. Include in its agreements with its certified MBE subcontractors a requirement that those subcontractors submit monthly to the Department a report that identifies the prime contract and lists all payments received from Contractor in the preceding 30 days, as well as any outstanding invoices, and the amount of those invoices.
3. Maintain such records as are necessary to confirm compliance with its MBE participation obligations. These records must indicate the identity of certified minority and non-minority subcontractors employed on the contract, the type of work performed by each, and the actual dollar value of work performed. Subcontract agreements documenting the work performed by all MBE participants must be retained by the Contractor and furnished to the Procurement Officer on request.
4. Consent to provide such documentation as reasonably requested and to provide right-of-entry at reasonable times for purposes of the State's representatives verifying compliance with the MBE participation obligations. Contractor must retain all records concerning MBE participation and make them available for State inspection for three years after final completion of the contract.
5. At the option of the procurement agency, upon completion of the contract and before final payment and/or release of retainage, submit a final report in affidavit form and under penalty of perjury, of all payments made to, or withheld from MBE subcontractors.

Attachments

**ATTACHMENT D-1 – Certified MBE Utilization and Fair Solicitation Affidavit**

(must be submitted with bid or offer)

**ATTACHMENT D-2 - Outreach Efforts Compliance Statement**

(must be submitted within 10 working days of notification of apparent award or actual award, whichever is earlier)

**ATTACHMENT D-3 - Subcontractor Project Participation Statement**

(must be submitted within 10 working days of notification of apparent award or actual award, whichever is earlier)

**These attachments must be submitted on a monthly (by the 15<sup>th</sup>) basis after award of contract or as otherwise directed:**

**ATTACHMENT D-4 - *Prime Contractor Unpaid MBE Invoice Report***

**ATTACHMENT D-5 - *Subcontractor Paid/Unpaid MBE Invoice Report***

*The remainder of this page is intentionally blank.*

**Attachment D-1****MDOT Certified MBE Utilization and Fair Solicitation Affidavit**

This document **MUST BE** included with the bid or offer. If the Bidder or Offeror fails to complete and submit this form with the bid or offer as required, the procurement officer shall deem the bid non-responsive or shall determine that the offer is not reasonably susceptible of being selected for award.

In conjunction with the bid or offer submitted in response to Solicitation No. G50R3400001, I affirm the following:

1.  I acknowledge and intend to meet the overall certified Minority Business Enterprise (MBE) participation goal of 15 percent and, if specified in the solicitation, the following subgoals (complete for only those subgoals that apply):

_____ percent of African American	_____ percent of Asian American
_____ percent of Hispanic American	_____ percent of Woman-Owned

Therefore, I will not be seeking a waiver pursuant to COMAR 21.11.03.11.

**OR**

- I conclude that I am unable to achieve the MBE participation goal and/or subgoals. I hereby request a waiver, in whole or in part, of the overall goal and subgoals. Within 10 business days of receiving notice that our firm is the apparent awardee, I will submit all required waiver documentation in accordance with COMAR 21.11.03.11.

2. ***I understand that if I am notified that I am the apparent awardee, I must submit the following additional documentation within 10 working days of receiving notice of the potential award or from the date of conditional award (per COMAR 21.11.03.10), whichever is earlier.***

- (a) Outreach Efforts Compliance Statement (Attachment D-2)
- (b) Subcontractor Project Participation Statement (Attachment D-3)
- (c) Any other documentation, including waiver documentation, if applicable, required by the Procurement Officer to ascertain bidder or Offeror responsibility in connection with the certified MBE participation goal.

I understand that if I fail to return each completed document within the required time, the Procurement Officer may determine that I am not responsible and therefore not eligible for contract award. If the contract has already been awarded, the award is voidable.

3. In the solicitation of subcontract quotations or offers, MBE subcontractors were provided not less than the same information and amount of time to respond as were non-MBE subcontractors.
  
4. Set forth below are the (i) certified MBEs I intend to use and (ii) the percentage of the total contract amount allocated to each MBE for this project. I hereby affirm that the MBE firms are only providing those products and services for which they are MDOT certified.

Prime Contractor: (Firm Name, Address, Phone)	Project Description:
Project Number:	

List Information For Each Certified MBE Subcontractor On This Project

Minority Firm Name	MBE Certification Number
Certification Category For Dually Certified MBE Subcontractors ( <i>Check Only One Certification Category</i> ) <input type="checkbox"/> African American <input type="checkbox"/> Asian American <input type="checkbox"/> Hispanic American <input type="checkbox"/> Woman-Owned <input type="checkbox"/> Other	
Percentage of Total Management Fee Description of Work to be Performed	
Minority Firm Name	MBE Certification Number
Certification Category For Dually Certified MBE Subcontractors ( <i>Check Only One Certification Category</i> ) <input type="checkbox"/> African American <input type="checkbox"/> Asian American <input type="checkbox"/> Hispanic American <input type="checkbox"/> Woman-Owned <input type="checkbox"/> Other	
Percentage of Total Management Fee Description of Work to be Performed	
Minority Firm Name	MBE Certification Number
Certification Category for Dually Certified MBE Subcontractors ( <i>Check Only One Certification Category</i> ) <input type="checkbox"/> African American <input type="checkbox"/> Asian American <input type="checkbox"/> Hispanic American <input type="checkbox"/> Woman-Owned <input type="checkbox"/> Other	
Percentage of Total Management Fee Description of Work to be Performed	
Minority Firm Name	MBE Certification Number
Certification Category for Dually Certified MBE Subcontractors ( <i>Check Only One Certification Category</i> ) <input type="checkbox"/> African American <input type="checkbox"/> Asian American <input type="checkbox"/> Hispanic American <input type="checkbox"/> Woman-Owned <input type="checkbox"/> Other	
Percentage of Total Management Fee Description of Work to be Performed	
Minority Firm Name	MBE Certification Number
Certification Category for Dually Certified MBE Subcontractors ( <i>Check Only One Certification Category</i> ) <input type="checkbox"/> African American <input type="checkbox"/> Asian American <input type="checkbox"/> Hispanic American <input type="checkbox"/> Woman-Owned <input type="checkbox"/> Other	
Percentage of Total Management Fee Description of Work to be Performed	

Continue on a separate page, if needed.

**SUMMARY**

Total <i>African-American</i> MBE Participation:	_____ %
Total <i>Asian American</i> MBE Participation	_____ %
Total <i>Hispanic American</i> MBE Participation	_____ %
Total <i>Woman-Owned</i> MBE Participation:	_____ %
Total <i>Other</i> Participation	_____ %
<b>Total <i>All MBE</i> Participation:</b>	<b>_____ %</b>

I solemnly affirm under the penalties of perjury that the contents of this Affidavit are true to the best of my knowledge, information, and belief.

\_\_\_\_\_  
Bidder/Offeror Name  
*(PLEASE PRINT OR TYPE)*

\_\_\_\_\_  
Signature of Affiant

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*The remainder of this page is intentionally blank.*

**Attachment D-2  
Outreach Efforts Compliance Statement**

**Complete and submit this form within 10 working days of notification of apparent award or actual award, whichever is earlier.**

In conjunction with the bid or offer submitted in response to Solicitation No. G50R3400001, Bidder/Offeror states the following:

- 1. Bidder/Offeror identified opportunities to subcontract in these specific work categories.
- 2. Attached to this form are copies of written solicitations (with bidding instructions) used to solicit MDOT certified MBEs for these subcontract opportunities.
- 3. Bidder/Offeror made the following attempts to contact personally the solicited MDOT certified MBEs.
- 4. Select ONE of the following:
  - a.  This project does not involve bonding requirements.
  - OR**
  - b.  Bidder/Offeror assisted MDOT certified MBEs to fulfill or seek waiver of bonding requirements (*describe efforts*).
- 5. Select ONE of the following:
  - a.  Bidder/Offeror did/did not attend the pre-bid/proposal conference.
  - OR**
  - b.  No pre-bid/proposal conference was held.

\_\_\_\_\_ By: \_\_\_\_\_  
 Bidder/Offeror Printed Name Signature

Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Attachment D-3  
Subcontractor Project Participation Certification**

*Please complete and submit one form for each MDOT certified MBE listed on Attachment D-1 within 10 working days of notification of apparent award.*

\_\_\_\_\_ (prime contractor) has entered into a contract with  
 \_\_\_\_\_ (subcontractor) to provide services in connection with the Solicitation described below.

Prime Contractor Address and Phone	Project Description
Project Number	Total Management Fee Amount \$
Minority Firm Name	MBE Certification Number
Work To Be Performed	
Percentage of Total Contract	

The undersigned Prime Contractor and Subcontractor hereby certify and agree that they have fully complied with the State Minority Business Enterprise law, State Finance and Procurement Article §14-308(a)(2), Annotated Code of Maryland which provides that, except as otherwise provided by law, a contractor may not identify a certified minority business enterprise in a bid or proposal and:

- (1) fail to request, receive, or otherwise obtain authorization from the certified minority business enterprise to identify the certified minority business enterprise in its bid or proposal;
- (2) fail to notify the certified minority business enterprise before execution of the contract of its inclusion of the bid or proposal;
- (3) fail to use the certified minority business enterprise in the performance of the contract; or

(4) pay the certified minority business enterprise solely for the use of its name in the bid or proposal.

**PRIME CONTRACTOR SIGNATURE**

**SUBCONTRACTOR SIGNATURE**

By: \_\_\_\_\_  
Name, Title

By: \_\_\_\_\_  
Name, Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

*The remainder of this page is intentionally blank.*

This form is to be completed monthly by the prime contractor.

**Attachment D-4  
Maryland Supplemental Retirement Plans  
Minority Business Enterprise Participation  
Prime Contractor Paid/Unpaid MBE Invoice Report**

Report #: _____ Reporting Period (Month/Year): _____ <b>Report is due to the MBE Officer by the 10<sup>th</sup> of the month following the month the services were provided.</b> <b>Note: Please number reports in sequence</b>	Contract #: _____ Contracting Unit: _____ Contract Amount: _____ MBE Subcontract Amt: _____ Project Begin Date: _____ Project End Date: _____ Services Provided: _____
--	--

Prime Contractor:		Contact Person:	
Address:			
City:		State:	ZIP:
Phone:	FAX:	Email:	
Subcontractor Name:		Contact Person:	
Phone:	FAX:		
Subcontractor Services Provided:			

<b>List all payments made to MBE subcontractor named above during this reporting period:</b> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:10%;"></th> <th style="width:40%; text-align: center;"><u>Invoice#</u></th> <th style="width:50%; text-align: center;"><u>Amount</u></th> </tr> </thead> <tbody> <tr><td>1.</td><td></td><td></td></tr> <tr><td>2.</td><td></td><td></td></tr> <tr><td>3.</td><td></td><td></td></tr> <tr><td>4.</td><td></td><td></td></tr> <tr> <td colspan="3"><b>Total Dollars Paid: \$</b> _____</td> </tr> </tbody> </table>		<u>Invoice#</u>	<u>Amount</u>	1.			2.			3.			4.			<b>Total Dollars Paid: \$</b> _____			<b>List dates and amounts of any outstanding invoices:</b> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:10%;"></th> <th style="width:40%; text-align: center;"><u>Invoice #</u></th> <th style="width:50%; text-align: center;"><u>Amount</u></th> </tr> </thead> <tbody> <tr><td>1.</td><td></td><td></td></tr> <tr><td>2.</td><td></td><td></td></tr> <tr><td>3.</td><td></td><td></td></tr> <tr><td>4.</td><td></td><td></td></tr> <tr> <td colspan="3"><b>Total Dollars Unpaid: \$</b> _____</td> </tr> </tbody> </table>		<u>Invoice #</u>	<u>Amount</u>	1.			2.			3.			4.			<b>Total Dollars Unpaid: \$</b> _____		
	<u>Invoice#</u>	<u>Amount</u>																																			
1.																																					
2.																																					
3.																																					
4.																																					
<b>Total Dollars Paid: \$</b> _____																																					
	<u>Invoice #</u>	<u>Amount</u>																																			
1.																																					
2.																																					
3.																																					
4.																																					
<b>Total Dollars Unpaid: \$</b> _____																																					

If more than one MBE subcontractor is used for this contract, you must use separate D-5 forms.

**Return one copy (hard or electronic) of this form to the following address (electronic copy with signature and date is preferred):**

MBE Liaison Officer  
 Maryland Supplemental Retirement Plans  
 6 Saint Paul Street, Suite 200  
 Baltimore, MD 21202  
[Info.msrp@Maryland.gov](mailto:Info.msrp@Maryland.gov)

Signature: \_\_\_\_\_ (Required) Date: \_\_\_\_\_

This form must be completed by  
MBE subcontractor

**ATTACHMENT D-5  
Minority Business Enterprise Participation  
Subcontractor Paid/Unpaid MBE Invoice Report**

Report#: _____  Reporting Period (Month/Year): _____  <b>Report is due by the 10<sup>th</sup> of the month following the month the services were performed.</b>	Contract # _____ Contracting Unit: _____ MBE Subcontract Amount: _____ Project Begin Date: _____ Project End Date: _____ Services Provided: _____
---	--

MBE Subcontractor Name: _____																															
MDOT Certification #: _____																															
Contact Person: _____	Email: _____																														
Address: _____																															
City: Baltimore	State: _____	ZIP: _____																													
Phone: _____	FAX: _____																														
<b>Subcontractor Services Provided:</b>																															
<b>List all payments received from Prime Contractor during reporting period indicated above.</b>  <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:5%;"></th> <th style="width:40%; text-align: center;"><u>Invoice Amt</u></th> <th style="width:15%; text-align: center;"><u>Date</u></th> </tr> </thead> <tbody> <tr><td>1.</td><td></td><td></td></tr> <tr><td>2.</td><td></td><td></td></tr> <tr><td>3.</td><td></td><td></td></tr> <tr> <td><b>Total Dollars Paid: \$</b></td> <td colspan="2">_____</td> </tr> </tbody> </table>		<u>Invoice Amt</u>	<u>Date</u>	1.			2.			3.			<b>Total Dollars Paid: \$</b>	_____		<b>List dates and amounts of any unpaid invoices over 30 days old.</b>  <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:5%;"></th> <th style="width:40%; text-align: center;"><u>Invoice Amt</u></th> <th style="width:15%; text-align: center;"><u>Date</u></th> </tr> </thead> <tbody> <tr><td>1.</td><td></td><td></td></tr> <tr><td>2.</td><td></td><td></td></tr> <tr><td>3.</td><td></td><td></td></tr> <tr> <td><b>Total Dollars Unpaid: \$</b></td> <td colspan="2">_____</td> </tr> </tbody> </table>		<u>Invoice Amt</u>	<u>Date</u>	1.			2.			3.			<b>Total Dollars Unpaid: \$</b>	_____	
	<u>Invoice Amt</u>	<u>Date</u>																													
1.																															
2.																															
3.																															
<b>Total Dollars Paid: \$</b>	_____																														
	<u>Invoice Amt</u>	<u>Date</u>																													
1.																															
2.																															
3.																															
<b>Total Dollars Unpaid: \$</b>	_____																														
Prime Contractor: _____	Contact Person: _____																														

**Return one copy (hard or electronic) of this form to the following address (electronic copy with signature and date is preferred):**

MBE Liaison Officer Maryland Supplemental Retirement Plans 6 Saint Paul Street, Suite 200 Baltimore, MD 21202 <a href="mailto:Info.msrp@Maryland.gov">Info.msrp@Maryland.gov</a>
--

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
(Required)

**PRE-PROPOSAL CONFERENCE RESPONSE FORM**

Solicitation No. G50R3400001

Solicitation Title: Plan Administrator for Supplemental Retirement Plans

A Pre-proposal Conference will be held on August 7, 2012 at 1:00 PM local time at:

MSRP Office, Wm. Donald Schaefer Tower, 6 Saint Paul Street, Suite 200, Baltimore, Maryland 21202

Directions to the Pre-proposal meeting site:

From the North or South: Follow I-95 to exit 53 (I-395 North). I-395 North will become Howard Street. Follow Howard Street to Baltimore Street. Turn right onto Baltimore Street. Follow to St. Paul Street (where St. Paul Street becomes Light Street). The William Donald Schaefer Tower at 6 St. Paul Street is on the left.

From Downtown Washington, D.C., BWI Airport: Follow I-295 North to Baltimore. Once inside the city limits, I-295 will become Russell St. When Russell Street crosses Pratt Street it becomes Paca Street. Turn right onto Baltimore Street. Follow to St. Paul Street (where St. Paul Street becomes Light Street). The William Donald Schaefer Tower at 6 St. Paul Street is on the left.

From I-83 (York, Harrisburg, South Central Pennsylvania): Follow I-83 South to the end and turn right on Fayette Street. Go to St. Paul Street and turn left. Go one block to Baltimore Street. The William Donald Schaefer Tower at 6 St. Paul Street is on the right.

Please e-mail, Fax or return this form by 1:00 PM on July 19, 2012 advising whether or not you plan to attend this Conference.

E-mail or fax this form to the Procurement Officer:

Mr. Richard Arthur - Office Phone: 410-767-8740 Fax: 410-659-0349

E-mail: [Richard.Arthur@Maryland.gov](mailto:Richard.Arthur@Maryland.gov)

Please indicate:

\_\_\_\_\_ Yes, the following representatives will be in attendance:

- 1.
- 2.
- 3.

\_\_\_\_\_ No, we will not be in attendance.

\_\_\_\_\_  
Company/Firm/Vendor Name

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Contact Name

FINANCIAL PROPOSAL INSTRUCTIONS AND FORM  
Maryland Supplemental Retirement Plans  
Plan Administrator for Supplemental Retirement Plans

Solicitation # G50R3400001

General Instructions:

Offerors must submit their price proposal on the following Financial Proposal Form. Do not alter the form or the price proposal will be rejected. An individual who is authorized to bind the Offeror to all proposed terms must sign and date the Financial Proposal Form where requested.

Offerors are required to record the fully loaded asset fee proposed, in a single percentage figure to be calculated against assets of all four Plans, calculated and paid monthly after the last day of each month. Other than incidental loan fees, no other charges, participant charges, per capita charges, transaction charges, deferral charges or surrender fees shall be included in the financial proposal evaluation. Optional Service fees requested on the financial proposal form are for discussion purposes only. Excluded as Plan assets for purposes of this calculation are: (a) assets within the Nationwide Group Fixed Annuity Contract; (b) life insurance policies; (c) assets of individual annuity contracts purchased for specific distribution of Plan benefits; and (d) Plan assets liquidated in processing an eligible participant loan. The offered fees shall be a single price for all five (5) years of the contract and the optional one-year renewal period. The Financial Proposal evaluation will consider the single percentage fee applied against the example of five (5) average annual asset amounts and the one year renewal option, added for a six-year total price.

The Offeror will take the risk on actual asset values and changes in the price of market value decline, or changes in the tax law causing large-scale withdrawal of assets. The vendor shall also assume its proportionate share of the financial risk of the Board of Trustees' fee cap program, under present terms and conditions the fee cap or maximum combined fee (Board of Trustees and Vendor) for a participant in a Plan is \$2,000. This cap applies on a per-Plan, non-consolidated basis. The cap is not expected to change over the life of the contract. The approximate total account value subject to the cap on a per participant basis under the current fee structure is \$1,052,000. As of the end of the first quarter of 2012, the Board of Trustees had 17 accounts with a total of \$7.2 million in assets above the cap.

Vendors should note that performance of agency functions for the Plan will not grant any vested rights in such amounts, which will require approval by the Board of Trustees before actual payment, and which will be withheld if necessary to satisfy any claims against the vendor for failure to perform. All Plan transactions occur through bank accounts titled in the name of the Plans and compute against the annual average asset example for the annual total, and then the six-year total for evaluation. The Financial Proposal Form will be used to perform the Offeror's Financial Proposal ranking.

Solicitation # G50R3400001

<b>PRICE PROPOSAL FORM based upon an estimated projection</b>					
Single Asset Fee Percentage applied to the Average Annual Plan Asset Amounts:					
Examples of Average Annual Plan Asset Amounts					
Year 2013	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018
\$2,762,000,000	\$2,845,000,000	\$2,931,000,000	\$3,018,000,000	\$3,109,000,000	\$3,202,000,000
Calculated Annual Plan Administrator Fee: (Proposed Asset Fee times Average Annual Plan Asset Examples)					
Year 2013	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018
Evaluated Five Year and One Year Renewal Total Plan Administrator Fee:					
Loan Fee to Participant	Origination or Set-up Fee:	\$	Annual Processing Fee:	\$	
<b>Optional Services</b>	Brokerage Window Fee per Participant	\$	Managed Account Fee per Participant	\$	
Authorized Signature					
Printed Name and Title:					
Company Name:					
Phone Number and Fax Number:					
Company Tax ID #					

**CONFLICT OF INTEREST AFFIDAVIT/DISCLOSURE**

A. "Conflict of interest" means that because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the State, or the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.

B. "Person" has the meaning stated in COMAR 21.01.02.01B(64) and includes a bidder, Offeror, Contractor, consultant, or subcontractor or sub consultant at any tier, and also includes an employee or agent of any of them if the employee or agent has or will have the authority to control or supervise all or a portion of the work for which a bid or offer is made.

C. The bidder or Offeror warrants that, except as disclosed in §D, below, there are no relevant facts or circumstances now giving rise or which could, in the future, give rise to a conflict of interest.

D. The following facts or circumstances give rise or could in the future give rise to a conflict of interest (explain in detail—attach additional sheets if necessary):

E. The bidder or Offeror agrees that if an actual or potential conflict of interest arises after the date of this affidavit, the bidder or Offeror shall immediately make a full disclosure in writing to the procurement officer of all relevant facts and circumstances. This disclosure shall include a description of actions which the bidder or Offeror has taken and proposes to take to avoid, mitigate, or neutralize the actual or potential conflict of interest. If the contract has been awarded and performance of the contract has begun, the Contractor shall continue performance until notified by the procurement officer of any contrary action to be taken.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: \_\_\_\_\_ By: \_\_\_\_\_  
(Authorized Representative and Affiant)

**Living Wage Requirements for Service Contracts**

- A. This contract is subject to the Living Wage requirements under Title 18, State Finance and Procurement Article, Annotated Code of Maryland and the regulations proposed by the Commissioner of Labor and Industry. The Living Wage generally applies to a Contractor or Subcontractor who performs work on a State contract for services that is valued at \$100,000 or more. An employee is subject to the Living Wage if he/she is at least 18 years old or will turn 18 during the duration of the contract; works at least 13 consecutive weeks on the State Contract and spends at least one-half of the employee's time during any work week on the State Contract.
- B. The Living Wage Law does not apply to:
- (1) A Contractor who:
    - (A) has a State contract for services valued at less than \$100,000, or
    - (B) employs 10 or fewer employees and has a State contract for services valued at less than \$500,000.
  - (2) A Subcontractor who:
    - (A) performs work on a State contract for services valued at less than \$100,000,
    - (B) employs 10 or fewer employees and performs work on a State contract for services valued at less than \$500,000, or
    - (C) performs work for a Contractor not covered by the Living Wage Law as defined in B(1)(B) above, or B (3) or C below.
  - (3) Service contracts for the following:
    - (A) services with a Public Service Company;
    - (B) services with a nonprofit organization;
    - (C) services with an officer or other entity that is in the Executive Branch of the State government and is authorized by law to enter into a procurement ("Unit"); or
    - (D) services between a Unit and a County or Baltimore City.
- C. If the Unit responsible for the State contract for services determines that application of the Living Wage would conflict with any applicable Federal program, the Living Wage does not apply to the contract or program.
- D. A Contractor must not split or subdivide a State contract for services, pay an employee through a third party, or treat an employee as an independent Contractor or assign work to employees to

avoid the imposition of any of the requirements of Title 18, State Finance and Procurement, Annotated Code of Maryland.

- E. Each Contractor/Subcontractor, subject to the Living Wage Law, shall post in a prominent and easily accessible place at the work site(s) of covered employees a notice of the Living Wage Rates, employee rights under the law, and the name, address, and telephone number of the Commissioner.
- F. The Commissioner of Labor and Industry shall adjust the wage rates by the annual average increase or decrease, if any, in the Consumer Price Index for all urban consumers for the Washington/Baltimore metropolitan area, or any successor index, for the previous calendar year, not later than 90 days after the start of each fiscal year. The Commissioner shall publish any adjustments to the wage rates on the Division of Labor and Industry's Website. An employer subject to the Living Wage Law must comply with the rate requirements during the initial term of the contract and all subsequent renewal periods, including any increases in the wage rate, required by the Commissioner, automatically upon the effective date of the revised wage rate.
- G. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's share of the health insurance premium, as provided in §18-103(c), State Finance and Procurement Article, Annotated Code of Maryland, shall not lower an employee's wage rate below the minimum wage as set in §3-413, Labor and Employment Article, Annotated Code of Maryland. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's share of health insurance premium shall comply with any record reporting requirements established by the Commissioner of Labor and Industry.
- H. A Contractor/Subcontractor may reduce the wage rates paid under §18-103(a), State Finance and Procurement, Annotated Code of Maryland, by no more than 50 cents of the hourly cost of the employer's contribution to an employee's deferred compensation plan. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's contribution to an employee's deferred compensation plan shall not lower the employee's wage rate below the minimum wage as set in §3-413, Labor and Employment Article, Annotated Code of Maryland.
- I. Under Title 18, State and Finance Procurement Article, Annotated Code of Maryland, if the Commissioner determines that the Contractor/Subcontractor violated a provision of this title or regulations of the Commissioner, the Contractor/Subcontractor shall pay restitution to each affected employee, and the State may assess liquidated damages of \$20 per day for each employee paid less than the Living Wage.
- J. Information pertaining to reporting obligations may be found by going to the DLLR Website <http://www.dllr.state.md.us/> and clicking on Living Wage.

Living Wage Affidavit  
Maryland Living Wage Requirements-Service Contracts

Contract No. \_\_\_\_\_

Name of Contractor \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

**If the Contract is Exempt from the Living Wage Law**

The Undersigned, being an authorized representative of the above named Contractor, hereby affirms that the Contract is exempt from Maryland’s Living Wage Law for the following reasons (check all that apply):

- Bidder/Offeror is a nonprofit organization
- Bidder/Offeror is a public service company
- Bidder/Offeror employs 10 or fewer employees and the proposed contract value is less than \$500,000
- Bidder/Offeror employs more than 10 employees and the proposed contract value is less than \$100,000

**If the Contract is a Living Wage Contract**

A. The Undersigned, being an authorized representative of the above named Contractor, hereby affirms our commitment to comply with Title 18, State Finance and Procurement Article, Annotated Code of Maryland and, if required, to submit all payroll reports to the Commissioner of Labor and Industry with regard to the above stated contract. The Bidder/Offeror agrees to pay covered employees who are subject to living wage at least the living wage rate in effect at the time service is provided for hours spent on State contract activities, and to ensure that its Subcontractors who are not exempt also pay the required living wage rate to their covered employees who are subject to the living wage for hours spent on a State contract for services. The Contractor agrees to comply with, and ensure its Subcontractors comply with, the rate requirements during the initial term of the contract and all subsequent renewal periods, including any increases in the wage rate established by the Commissioner of Labor and Industry, automatically upon the effective date of the revised wage rate.

B. \_\_\_\_\_(initial here if applicable) The Bidder/Offeror affirms it has no covered employees for the following reasons: (check all that apply):

- The employee(s) proposed to work on the contract will spend less than one-half of the employee’s time during any work week on the contract

Living Wage Affidavit (Continued)

- The employee(s) proposed to work on the contract is 17 years of age or younger during the duration of the contract; or
- The employee(s) proposed to work on the contract will work less than 13 consecutive weeks on the State contract.

The Commissioner of Labor and Industry reserves the right to request payroll records and other data that the Commissioner deems sufficient to confirm these affirmations at any time.

Name of Authorized Representative: \_\_\_\_\_

\_\_\_\_\_  
Signature of Authorized Representative Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Witness Name (Typed or Printed)

\_\_\_\_\_  
Witness Signature Date

**Submit This Affidavit with Bid/Proposal**

# Maryland Supplemental Retirement Plans

Financial Section



**SB & COMPANY, LLC**  
EXPERIENCE • QUALITY • CLIENT SERVICE

## Report of Independent Public Accountants

To the Board of Trustees  
Maryland Teachers and State Employees  
Supplemental Retirement Plans  
Baltimore, Maryland

We have audited the accompanying basic and combining financial statements of the State of Maryland Teachers and State Employees Supplemental Retirement Plan (MSRP), which is a pension trust fund of the State of Maryland, as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These basic and combining financial statements are the responsibility of MSRP's management. Our responsibility is to express an opinion on these basic and combining financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic and combining financial statements referred to above present fairly, in all material respects, the net assets of MSRP as of December 31, 2011 and 2010, and the changes in its net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.



**SB & COMPANY, LLC**  
EXPERIENCE • QUALITY • CLIENT SERVICE

Our audits were conducted for the purpose of forming opinions on the basic financial statements that collectively comprise MSRP's basic financial statements. The accompanying schedule of administrative expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, investment section, statistical section, and other supplementary information section, as listed in the table of contents, are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The introductory section, investment section, statistical section, and other supplementary information section have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on them.

Hunt Valley, Maryland  
May 21, 2012

*SB & Company, LLC*

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS****Management Discussion and Analysis**

The State of Maryland Teachers and State Employees Supplemental Retirement Plans (MSRP) have prepared this narrative as an explanatory supplement to the audited financial statements of the plans for the years ended December 31, 2011 and 2010. The financial statements appear at page 23 of this report. This narrative should be read in conjunction with the financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements for the MSRP plans are prepared in accordance with generally accepted accounting principles as interpreted and applied for governmental defined contributions pension plans by the Governmental Accounting Standards Board (“GASB”). The statements consist of the comparative Statements of Net Assets Available for Plan Benefits and Statements of Changes in Net Assets Available for Plan Benefits, together with related note disclosures where necessary or appropriate to explain a particular item or its context. Each plan – 401(k), 403(b), 457 and 401(a) has a separate, stand alone financial statement; a combined statement that consolidates the assets and transactions of all plans appears on page 26.

The Statements of Changes in Net Assets Available for Plan Benefits are intended to show the major categories of additions to the Plans from participant contributions and investment earnings, and show the deductions from the Plans for administrative expense and distributions to participants.

The note disclosures are provided as an integral component of the financial statements to help explain in narrative form some of the more complex or less obvious elements of the statements. The notes provide additional information (e.g. significant accounting policies, types of investment risk) that is essential for a comprehensive understanding of the financial condition of the Plans, and the results of their operations.

**FINANCIAL HIGHLIGHTS - CONSOLIDATED**

- Net assets available for plan benefits decreased by \$41.7 million during the year ended December 31, 2011, from \$2.56 billion as of December 31, 2010 to \$2.52 billion as of December 31, 2011. Net assets available for plan benefits increased by \$240.2 million during the year ended December 31, 2010, from \$2.32 billion as of December 31, 2009 to \$2.56 billion as of December 31, 2010. Net assets available for plan benefits increased by \$389.5 million during the year ended December 31, 2009 from \$1.93 billion as of December 31, 2008 to \$2.32 billion as of December 31, 2009. The decrease during the calendar year 2011 was associated with the weak performance of plan investment during the final quarter.
- The Plans had a net investment loss of \$16.0 million as of December 31, 2011, a net investment gain of gain of \$248.3 million as of December 31, 2010, a net investment gain of \$365.3 million for the year ended December 31, 2009, and a \$598.3 million investment loss as of December 31, 2008.

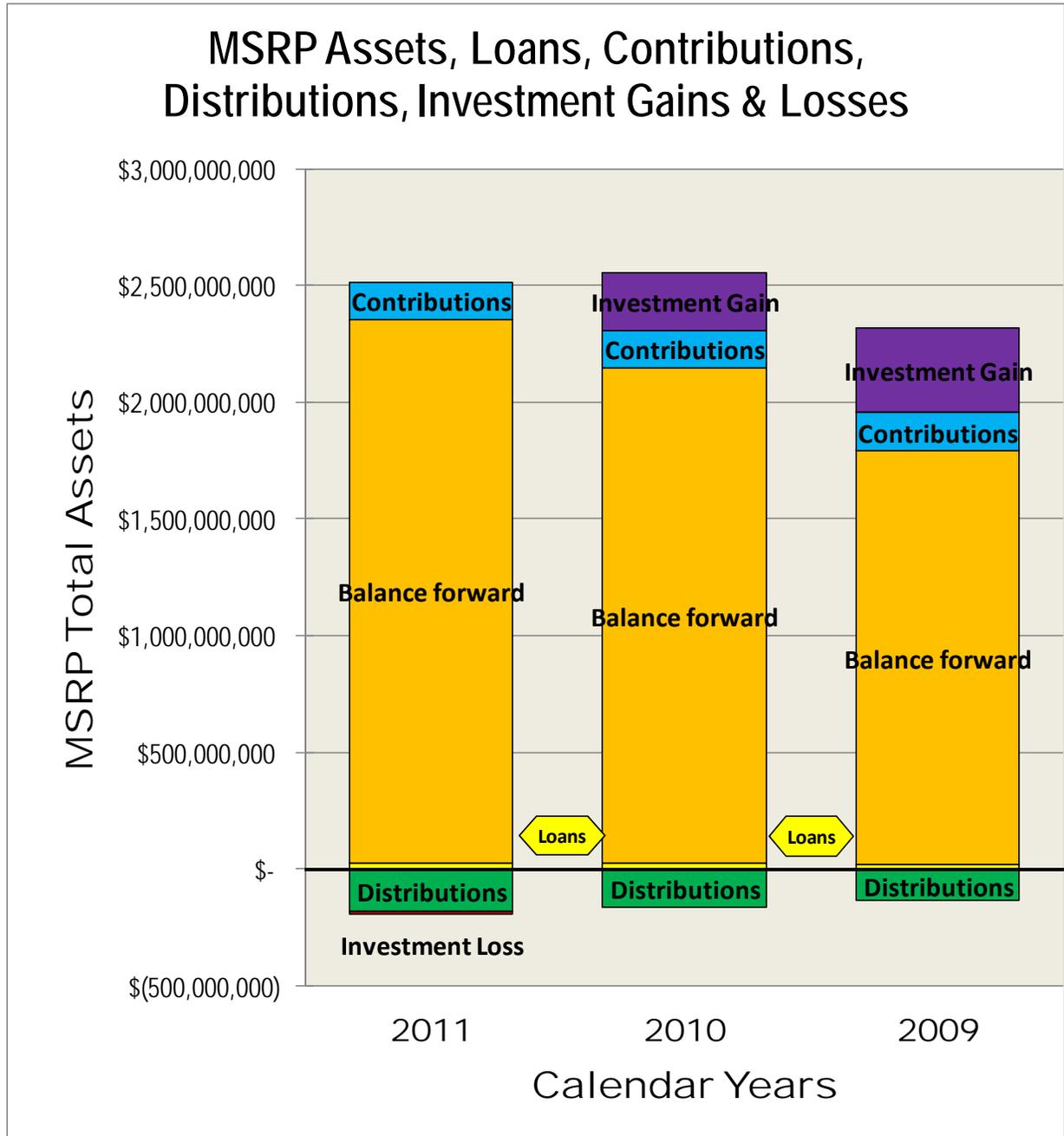
**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS****Management Discussion and Analysis**

- Employee contributions have decreased from \$167.0 million in 2008 to \$161.6 million for the year ended December 31, 2009, \$159.7 million for year ended December 31, 2010 to \$158.9 for the year ended December 31, 2011. The slight decrease in 2011 was due mostly to the mandated statewide match suspension.
- Employer contributions for the year ended December 31, 2011 were virtually eliminated due to the suspension of the State Match program implemented in July 2009. Employer contributions decreased significantly from \$20.8 million in the year ended December 31, 2008 to \$3.1 million in the year ended December 31, 2009, to \$408,000 in the year ended 2010, and then to \$400,000 in the year ended December 31, 2011.
- Distributions to participants increased from \$164.0 million to \$180.8 million for the years ended December 31, 2010 and 2011, respectively. Distributions to participants previously decreased significantly from \$169.6 million for the year ended December 31, 2008, to \$137.0 million for the year ended December 31, 2009. The increases in distribution are associated with an increase in participant loans and retirement distributions.
- Administrative expenses for the combined plans are a combination of Participant fees paid to the administrator, Nationwide Retirement Solutions, and fees imposed on Participants by the Board of Trustees to pay its expense of fiduciary supervision, participant education programs and management. The combined plan fees are \$3.7 million (year ended December 31, 2008); \$3.3 million (year ended December 31, 2009); \$4.0 million (year ended December 31, 2010) and \$4.2 million (year ended December 31, 2011). The NRS fee in each year was 0.14% of assets annually and as such is affected by increase or decrease in assets. The Board fee was adjusted as follows during this period 2008; 0.05%; 2009; 0.05%; 2010 and 2011; 0.05% + 50¢ per month. The adoption of the additional per capita fee in May 2010 should have the effect of smoothing Board administrative income in future years, but is only collected from accounts of \$500 or more excluding the 401(a) plan.

This chart located on the next page illustrates the change in all MSRP assets from calendar year to calendar year from right to left. This is a summary of all four plans—the 457, 401(k), 403(b) and 401(a) match plan. The stacked bar for each year reflects a balance of assets that is increased that year by contributions from participant payroll deductions, transfers, and the employer match in 2009, 2010, and 2011. The bar also shows the amounts (negative) paid out in distributions to participants, and the amounts of outstanding loans (positive) to be paid back by participants. Finally, the top or bottom of each bar indicates the net 12-month Investment gain or loss for all plans as of that year end.

MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS

Management Discussion and Analysis



**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Management Discussion and Analysis**

The table below provides the Statement of Plan Net Assets held in trust for deferred compensation benefits as of December 31, 2011, 2010, and 2009:

**Net Assets held in trust for Deferred Compensation Benefits**

<b>ASSETS</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Investments	\$ 2,473,496,750	\$ 2,520,526,526	\$ 2,281,612,759
Cash surrender Value life Insurance*	3,902,640	3,691,331	3,952,184
Cash	5,665,384	4,412,999	7,014,096
<b>RECEIVABLES</b>			
Employee Contributions	4,622,831	4,161,353	4,415,556
Other Receivable	103,942	100,739	95,976
Loan Receivables**	27,502,196	24,115,789	19,675,917
<b>Total Assets</b>	<b>2,515,293,743</b>	<b>2,557,008,737</b>	<b>2,316,766,488</b>
<b>Net Plan Assets Held in Trust for Deferred Compensation Benefits</b>	<b>\$ 2,515,293,743</b>	<b>\$ 2,557,008,737</b>	<b>\$ 2,316,766,488</b>

\*457 Plan only

\*\*401(a) Match Plan excluded – no loans offered

*The remainder of this page is intentionally blank.*

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Management Discussion and Analysis**

The table below presents the changes in Net Plan assets held in trust for deferred compensation benefits for the years ended December 31, 2011, 2010 and 2009:

	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>ADDITIONS</b>			
Employee contributions	\$ 158,904,393	\$ 159,657,414	\$ 161,570,124
Employer contributions***	400,092	408,268	3,102,359
Mutual Fund reimbursements	1,356,029	1,196,681	1,651,712
Settlement Proceeds	-	-	3,748,831
Investment Income:			
Realized and unrealized (losses) gains	(41,295,532)	223,420,342	335,160,108
Interest income	23,952,814	23,634,466	24,699,152
<b>Total Additions</b>	<b>143,317,796</b>	<b>408,317,171</b>	<b>529,932,286</b>
<b>DEDUCTIONS</b>			
Distributions to participants	\$ 180,811,859	\$ 164,036,003	\$ 137,035,085
Administrative expenses	4,189,493	3,995,805	3,332,537
Life Insurance premiums*	31,438	43,114	48,280
<b>Total deductions</b>	<b>185,032,790</b>	<b>168,074,922</b>	<b>140,415,902</b>
Net increase (decrease)	(41,714,994)	240,242,249	389,516,384
Net assets available for plan benefits, beginning of year	2,557,008,737	2,316,766,488	1,927,250,104
<b>Net Assets Available for Plan Benefits, End of Year</b>	<b>\$ 2,515,293,743</b>	<b>\$ 2,557,008,737</b>	<b>\$ 2,316,766,488</b>

\*457 Plan only

\*\*401(a) Match Plan excluded

\*\*\*401(a) Match Plan only

**Requests for Information**

This financial report is designed to provide a general overview and available upon request. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Debra Roberts, CPA, Chief Financial Officer, Maryland Teachers and State Employees Supplemental Retirement Plans, William Donald Schaefer Tower, Suite 200, 6 Saint Paul Street, Baltimore, Maryland 21202.

# Maryland Supplemental Retirement Plans

Basic Financial Statements

**Maryland Supplemental Retirement Plans**

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Statements of Plan Net Assets  
As of December 31, 2011 and 2010**

<b>ASSETS</b>	<b>2011</b>	<b>2010</b>
Investments:		
Investment contract pool	\$ 779,947,367	\$ 747,100,424
Mutual funds	1,593,585,579	1,667,908,812
Annuities	99,963,804	105,517,290
Total investments	<u>2,473,496,750</u>	<u>2,520,526,526</u>
Cash surrender value of life insurance contracts	3,902,640	3,691,331
Cash	5,665,384	4,412,999
Receivables:		
Employee contributions	4,622,831	4,161,353
Loans receivable	27,502,196	24,115,789
Other receivable	103,942	100,739
<b>Net Assets Held in Trust for Deferred Compensation Benefits</b>	<u>\$ 2,515,293,743</u>	<u>\$ 2,557,008,737</u>

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Statement of Combining Net Assets Available for Plan Benefits  
As of December 31, 2011**

	<b>Deferred Compensation Plan Section 457</b>	<b>Savings and Investment Plan Section 401(k) Plan</b>	<b>Match Plan and Trust 401(a) Plan</b>	<b>Tax Sheltered Annuity Plan 403(b) Plan</b>	<b>Total</b>
Investments:					
Investment contract pool	\$ 431,552,335	\$ 311,642,426	\$ 36,752,606	\$ -	\$ 779,947,367
Mutual funds	656,051,689	771,315,084	102,300,096	63,918,710	1,593,585,579
Annuities	99,963,804	-	-	-	99,963,804
<b>Total Investments</b>	<b>1,187,567,828</b>	<b>1,082,957,510</b>	<b>139,052,702</b>	<b>63,918,710</b>	<b>2,473,496,750</b>
Cash surrender value of life insurance contracts	3,902,640	-	-	-	3,902,640
Cash	5,665,384	-	-	-	5,665,384
Receivables:					
Employee contributions	1,941,539	2,587,265	-	94,027	4,622,831
Loans receivable	12,748,866	14,383,094	-	370,236	27,502,196
Other receivable	103,942	-	-	-	103,942
<b>Total Assets Available for Benefits</b>	<b>\$ 1,211,930,199</b>	<b>\$ 1,099,927,869</b>	<b>\$ 139,052,702</b>	<b>\$ 64,382,973</b>	<b>\$ 2,515,293,743</b>

The accompanying notes are an integral part of this financial statement.

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Statement of Combining Net Assets Available for Plan Benefits  
As of December 31, 2010**

	<b>Deferred Compensation Plan Section 457</b>	<b>Savings and Investment Plan Section 401(k) Plan</b>	<b>Match Plan and Trust 401(a) Plan</b>	<b>Tax Sheltered Annuity Plan 403(b) Plan</b>	<b>Total</b>
Investments:					
Investment contract pool	\$ 420,021,819	\$ 289,857,531	\$ 37,221,074	\$ -	\$ 747,100,424
Mutual funds	697,303,338	793,217,304	110,304,680	67,083,490	1,667,908,812
Annuities	105,517,290	-	-	-	105,517,290
<b>Total Investments</b>	<b>1,222,842,447</b>	<b>1,083,074,835</b>	<b>147,525,754</b>	<b>67,083,490</b>	<b>2,520,526,526</b>
Cash surrender value of life insurance contracts	3,691,331	-	-	-	3,691,331
<b>Cash</b>	<b>4,412,999</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,412,999</b>
Receivables:					
Employee contributions	1,740,433	2,376,425	-	44,495	4,161,353
Loans receivable	11,166,303	12,663,185	-	286,301	24,115,789
Other receivable	100,739	-	-	-	100,739
<b>Total Assets Available for Benefits</b>	<b>\$ 1,243,954,252</b>	<b>\$ 1,098,114,445</b>	<b>\$ 147,525,754</b>	<b>\$ 67,414,286</b>	<b>\$ 2,557,008,737</b>

The accompanying notes are an integral part of this financial statement.

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Statements of Changes in Plan Net Assets  
For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>ADDITIONS TO NET ASSETS ATTRIBUTED TO:</b>		
Employee contributions	\$ 158,904,393	\$ 159,657,414
Employer contributions	400,092	408,268
Variable earnings reimbursements	1,356,029	1,196,681
Investment income:		
Variable earnings investment income	(41,295,532)	223,420,342
Interest income	23,952,814	23,634,466
<b>Total Additions</b>	<u>143,317,796</u>	<u>408,317,171</u>
<b>DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:</b>		
Distributions to participants	180,811,859	164,036,003
Administrative expenses	4,189,493	3,995,805
Life insurance premiums	31,438	43,114
<b>Total Deductions</b>	<u>185,032,790</u>	<u>168,074,922</u>
Net (decrease) increase	(41,714,994)	240,242,249
Net assets held in trust for deferred compensation benefits, beginning of year	<u>2,557,008,737</u>	<u>2,316,766,488</u>
<b>Net Assets Held in Trust for Deferred Compensation Benefits, End of Year</b>	<u>\$ 2,515,293,743</u>	<u>\$ 2,557,008,737</u>

The accompanying notes are an integral part of these financial statements.

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Statement of Combining Changes in Net Assets Available for Plan Benefits  
For the Year Ended December 31, 2011**

	Deferred Compensation Plan Section 457	Savings and Investment Plan Section 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Additions:					
Employee contributions	\$ 65,686,279	\$ 90,335,102	\$ -	\$ 2,883,012	\$ 158,904,393
Employer contributions	-	-	400,092	-	400,092
Variable earnings reimbursements	609,103	617,656	85,866	43,404	1,356,029
Investment income:					
Variable earnings investment income	(18,598,943)	(18,823,732)	(2,336,429)	(1,536,428)	(41,295,532)
Interest income	15,466,362	7,454,265	841,833	190,354	23,952,814
<b>Total Additions</b>	<b>63,162,801</b>	<b>79,583,291</b>	<b>(1,008,638)</b>	<b>1,580,342</b>	<b>143,317,796</b>
Deductions:					
Distributions to participants	93,841,613	75,308,991	7,188,029	4,473,226	180,811,859
Administrative expenses	1,313,803	2,460,876	276,385	138,429	4,189,493
Life insurance premiums	31,438	-	-	-	31,438
<b>Total Deductions</b>	<b>95,186,854</b>	<b>77,769,867</b>	<b>7,464,414</b>	<b>4,611,655</b>	<b>185,032,790</b>
Net (decrease) increase	(32,024,053)	1,813,424	(8,473,052)	(3,031,313)	(41,714,994)
Net assets held in trust for deferred					
compensation benefits, beginning of year	1,243,954,252	1,098,114,445	147,525,754	67,414,286	2,557,008,737
<b>Net Assets Held in Trust for Deferred Compensation Benefits, End of Year</b>	<b>\$ 1,211,930,199</b>	<b>\$ 1,099,927,869</b>	<b>\$ 139,052,702</b>	<b>\$ 64,382,973</b>	<b>\$ 2,515,293,743</b>

The accompanying notes are an integral part of this financial statement.

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Statement of Combining Changes in Net Assets Available for Plan Benefits  
For the Year Ended December 31, 2010**

	<b>Deferred Compensation Plan Section 457</b>	<b>Savings and Investment Plan Section 401(k) Plan</b>	<b>Match Plan and Trust 401(a) Plan</b>	<b>Tax Sheltered Annuity Plan 403(b) Plan</b>	<b>Total</b>
Additions:					
Employee contributions	\$ 64,768,004	\$ 91,618,867	\$ -	\$ 3,270,543	\$ 159,657,414
Employer contributions	-	-	408,268	-	408,268
Variable earnings reimbursements	537,578	404,308	214,896	39,899	1,196,681
Investment income:					
Variable earnings investment income	93,652,810	106,590,582	15,417,623	7,759,327	223,420,342
Interest income	15,279,996	7,270,338	887,052	197,080	23,634,466
<b>Total Additions</b>	<b>174,238,388</b>	<b>205,884,095</b>	<b>16,927,839</b>	<b>11,266,849</b>	<b>408,317,171</b>
Deductions:					
Distributions to participants	84,728,730	67,881,768	6,228,053	5,197,452	164,036,003
Administrative expenses	1,454,640	2,151,134	261,262	128,769	3,995,805
Life insurance premiums	43,114	-	-	-	43,114
<b>Total Deductions</b>	<b>86,226,484</b>	<b>70,032,902</b>	<b>6,489,315</b>	<b>5,326,221</b>	<b>168,074,922</b>
<b>Net Increase</b>	<b>88,011,904</b>	<b>135,851,193</b>	<b>10,438,524</b>	<b>5,940,628</b>	<b>240,242,249</b>
Net assets held in trust for deferred compensation benefits, beginning of year					
	1,155,942,348	962,263,252	137,087,230	61,473,658	2,316,766,488
<b>Net Assets Held in Trust for Deferred Compensation Benefits, End of Year</b>	<b>\$ 1,243,954,252</b>	<b>\$ 1,098,114,445</b>	<b>\$ 147,525,754</b>	<b>\$ 67,414,286</b>	<b>\$ 2,557,008,737</b>

The accompanying notes are an integral part of this financial statement.

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS****Notes to the Financial Statements  
December 31, 2011 and 2010****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Organization**

The Maryland Teachers and State Employees Supplemental Retirement Plans (MSRP) consist of four defined contribution plans that are generally available to all eligible employees and officials of the State of Maryland (the State). The MSRP operates pursuant to the provisions of the State Personnel and Pensions Article of the Maryland Code Titles 32 and 35 and is governed by a Board of Trustees (the Board).

The MSRP consists of four separate defined contribution plans: The Deferred Compensation Plan under Internal Revenue Code (the Code or IRC) Section 457; Savings and Investment Plan IRC Section 401(k); Match Plan, Section IRC 401(a); and Tax Sheltered Annuity Plan, IRC Section 403(b) (collectively, the Plans). MSRP had 65,542 participants as of December 31, 2011. MSRP is a fiduciary fund of the State.

The State of Maryland Employees Deferred Compensation Plan (the 457 Plan) was established by an executive order of the Governor of the State of Maryland on August 15, 1974. The 457 Plan operates pursuant to the provision of Title 35 of the State Personnel & Pensions Article of the Maryland Code and a plan document adopted by MSRP's Board.

The State Savings and Investment Plan (the 401(k) Plan) was established by the State pursuant to statute effective on July 1, 1985, and is designed to be a tax-qualified 401(k) profit sharing plan.

The State Match Plan and Trust (the Match Plan) was established by the State pursuant to Title 32 of the State Personnel & Pensions Article of the Maryland Code and is designed to be a tax-qualified 401(a) defined contribution matching plan.

The State Tax Sheltered Annuity Plan (the 403(b) Plan) was established by the Board of Trustees pursuant to Title 35 of the State Personnel & Pensions Article of the Maryland Code.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Contributions are recognized as additions when due pursuant to formal commitments as well as statutory and contractual commitments. Benefits are recognized when due and payable under plan provisions.

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS****Notes to the Financial Statements  
December 31, 2011 and 2010****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

**Risks and Uncertainties**

MSRP invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits.

**Contributions**

Eligible employees of the State may contribute to the 457 Plan, 401(k) Plan, or the 403(b) Plan through payroll deductions. As required by the Internal Revenue Code, MSRP limits the amount of an individual's annual contributions to an amount not to exceed the lesser of \$16,500, or 100% of their annual compensation, as defined by the I.R.C. Additional "catch-up" contributions are available for those age 50 and over across all plans. In addition, participants who contribute to the 457 Plan may under certain circumstances contribute additional sum in the three years prior to retirement. The limits are subject to an annual cost of living adjustment. Amounts contributed by employees are deferred for Federal and State income tax purposes until benefits are paid to the employees.

Under Title 32 of the State Personnel & Pension Article, the State contributes to each participant's 401(a) account an amount equal to the participant's contributions to one of the State Supplemental Retirement Plans during the same plan year. The statutory ceiling for these amounts is \$600 for each State fiscal year. Contributions are credited to the investment option selected by the employee/plan participant. For the period July 1, 2009 through the year ended December 31, 2011, the State suspended the match contribution pursuant to Budget amendments.

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS****Notes to the Financial Statements  
December 31, 2011 and 2010****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Participant Accounts**

Employee contributions receivable represents amounts withheld from employees' pay but not remitted to the investment carriers as of December 31. Contributions are credited to the applicable investment option upon receipt from the State. Employee contributions are fully vested at all times. The State does not make any contributions to the 457 Plan, 401(k) Plan, or the 403(b) Plan, but the State does make certain matching contributions to a separate tax qualified 401(a) Plan, as noted supra.

Employees electing to contribute to the MSRP have the following investment options:

- The investment contract pool (The "ICP"). The ICP is a book value/constant principal investment fund that periodically adjusts the rates paid to participants in order to account for the income, gains and losses of the portfolio. It is made up of a collection of book value investments: a money market fund, guaranteed investment contracts written by insurance companies, and synthetic guaranteed investment contracts written by insurance companies and other financial institutions. (This option is not available in the 403(b) plan.)
- Mutual funds

**Payment of Benefits**

Employees investing in MSRP may withdraw the value of their accounts in accordance with IRC rules and the terms of the respective plan. Distributions are generally available upon termination of employment, or financial hardship. Additionally, employees are eligible to collect distributions from the 401(k) and 403(b) plans upon attainment of age 59 ½.

Employees eligible to receive benefits may select various payout options, which include lump sum, periodic or annuity payments. Purchased annuity payout options are offered by Nationwide Life Insurance Company and Metropolitan Life Insurance Company.

At retirement or termination of employment, employees investing in life insurance contracts - which are closed to additional participants - may continue to make premium payments directly to the insurance carrier, or they may receive the cash surrender value of the policies. At the time of death of an employee, the face value of the insurance contract is payable to the beneficiary.

Amounts in participant's account are paid to the designated beneficiary at the employee's death.

Distributions to participants are recorded at the time withdrawals are made from participant accounts.

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS****Notes to the Financial Statements  
December 31, 2011 and 2010****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Participant Loans**

Participants may borrow from their accrued benefit balance in accordance with plan provisions and applicable IRC regulations; however, loans are not available from the 401(a) match plan. The maximum amount a participant may borrow is equal to the lesser of (a) 50% the value of their account or (b) \$50,000. Interest on loans is determined by a reference rate set by the Board.

In accord with IRC requirements all loans must be repaid on a periodic basis, not less than quarterly, over a period not to exceed five years. Loans used to acquire, construct, reconstruct or substantially rehabilitate a dwelling that is to be used as a principal residence may extend for a longer term.

**Investment Valuation and Income Recognition**

*The Investment Contract Pool (ICP) investment option* – The ICP is shown in the statements under the category of investments, and is valued at contract value. The ICP is managed by Deutsche Asset Management under a management agreement with the Board of Trustees. Interest rates are reset monthly.

During 1997, a Master Trust was established to hold the investment contract pool/assets underlying this investment option. Under the Master Trust arrangement, assets of participants who participate in the Maryland State Employees Deferred Compensation Plan, the State of Maryland Savings and Investment Plan, and/or the State of Maryland Match Plan and Trust are combined and held in the Master Trust. Each plan has an undivided but measurable interest in the assets held by the trust. The practice is permitted by IRC Rev. Rul. 81-100 and Rev. Rul. 2011-1. Mutual fund assets held in the 403(b) plan are held in a master custodial account as required by IRC 403(b)(7).

The ICP is valued at contract value, which represents contributions received plus interest earned to date, less applicable charges and amounts withdrawn.

*Mutual Fund investment options* - Mutual Fund investments are presented at fair value based on net assets value as reported by the investment carrier. All purchases and sales of investments are recorded on a trade-date basis.

Earnings are accrued to an individual participant's account based upon the investment performance of the specific options selected.

*Annuity Reserves* - Assets held for annuity payout reserves are valued at the actuarially determined present value of estimated future distributions.

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS****Notes to the Financial Statements  
December 31, 2011 and 2010****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Cash Surrender Value**

Participants have made premium payments on life insurance contracts held in the 457 Plan through salary deferral. The cash surrender value of these contracts is based on reporting by the life insurance company. This option is no longer available to new participants but participants with policies may continue to make contributions.

**Mutual Fund Reimbursements**

Mutual fund reimbursements represent amounts received from mutual fund investment providers for the benefit of the participants under expense reimbursement arrangements. Amounts recorded are those reimbursements actually received during the year. These amounts are periodically redistributed on a pro-rata basis to current participants in the mutual fund that paid the reimbursement.

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Notes to the Financial Statements  
December 31, 2011 and 2010**

**2. INVESTMENTS AND INVESTMENT INCOME**

**Part 1: 457 Plan**

Investments held including a discontinued group annuity contract and annuity reserves held by Nationwide Life and Metropolitan Life, as of December 31, 2011 and 2010, were as follows:

<b>ASSETS</b>	<b>2011</b>	<b>2010</b>
<b>Fixed Investments</b> - Investment Contract Pool	<b>\$ 431,552,335</b>	\$ 420,021,819
Vanguard Institutional Index Fund - Institutional Plus	<b>101,252,956</b>	106,506,997
Fidelity(R) Puritan Fund	<b>91,732,975</b>	96,577,664
PIMCO Total Return Fund - Institutional Shares	<b>51,831,306</b>	56,014,690
Goldman Sachs Large Cap Value Fund - Institutional Shares	<b>53,534,868</b>	64,133,366
Vanguard Mid Cap Index Fund - Institutional Shares	-	49,272,405
Neuberger Berman Equity Fund® - Partners Fund	<b>39,547,260</b>	48,510,569
American Funds - Growth Fund of America	<b>36,196,483</b>	40,603,369
T Rowe Price Small-Cap Stock Fund, Inc.	<b>37,367,335</b>	39,120,934
American Funds - Euro Pacific Growth Fund	<b>45,088,647</b>	56,792,414
T Rowe Price Retirement 2020 Fund	<b>20,257,954</b>	16,899,299
T Rowe Price Mid Cap Value Fund, Inc.	<b>16,901,370</b>	19,695,446
T Rowe Price Retirement 2015 Fund	<b>16,620,059</b>	13,923,501
Vanguard Small Cap Growth Index - Institutional Shares	<b>12,823,089</b>	13,180,063
T Rowe Price Retirement 2025 Fund	<b>13,070,672</b>	10,987,836
Morgan Stanley Institutional Fund Trust - Mid Cap Growth Portfolio	<b>11,561,620</b>	12,138,187
T Rowe Price Retirement 2030 Fund	<b>12,704,570</b>	10,613,517
T Rowe Price Retirement 2010 Fund	<b>8,204,792</b>	8,044,757
T Rowe Price Retirement 2035 Fund	<b>7,322,694</b>	6,195,487
Vanguard Total International Stock Index Fund - Investor Shares	<b>5,518,806</b>	5,785,573
T Rowe Price Retirement 2040 Fund	<b>6,046,162</b>	5,146,859
Vanguard Small Cap Value Index Fund - Institutional Shares	<b>3,261,307</b>	3,621,337
T Rowe Price Retirement 2005 Fund	<b>2,763,994</b>	3,140,231
Vanguard Value Index Fund - Institutional Shares	<b>3,755,799</b>	3,237,042
T Rowe Price Retirement Income Fund	<b>3,591,869</b>	2,733,001
T Rowe Price Retirement 2045 Fund	<b>3,130,711</b>	2,553,856
T Rowe Price Retirement 2050 Fund	<b>1,859,755</b>	1,453,923
T Rowe Price Retirement 2055 Fund	<b>430,343</b>	307,448
Vanguard Total Bond Market Index Fund - Signal(TM) Shares	<b>3,257,377</b>	-
Vanguard Mid Cap Index Fund - Institutional Plus Shares	<b>45,055,716</b>	-
Parnassus Equity Income Fund - Institutional Shares	<b>1,361,200</b>	113,567
<b>Total Mutual Funds</b>	<b>656,051,689</b>	697,303,338
Discontinued investment options - Nationwide Fixed Annuities	<b>79,766,261</b>	83,650,654
Nationwide Life annuity payout reserves	<b>14,959,230</b>	16,363,714
Metropolitan Life annuity payout reserves	<b>5,238,313</b>	5,502,922
<b>Total Annuities</b>	<b>99,963,804</b>	105,517,290
<b>Total Investments</b>	<b>\$ 1,187,567,828</b>	\$ 1,222,842,447

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Notes to the Financial Statements  
December 31, 2011 and 2010**

**2. INVESTMENTS AND INVESTMENT INCOME (continued)**

**Part 2: 401(k) Plan**

Investments held as of December 31, 2011 and 2010, were as follows:

<b>ASSETS</b>	<b>2011</b>	<b>2010</b>
<b>Fixed Investments - Investment Contract Pool</b>	<b>\$ 311,642,426</b>	<b>\$ 289,857,531</b>
Vanguard Institutional Index Fund - Institutional Plus	<b>143,637,685</b>	147,408,381
Fidelity(R) Puritan Fund	<b>83,207,679</b>	86,358,804
PIMCO Total Return Fund - Institutional Shares	<b>65,706,262</b>	64,950,390
Goldman Sachs Large Cap Value Fund - Institutional Shares	<b>43,740,919</b>	50,969,065
Vanguard Mid Cap Index Fund - Institutional Shares	<b>49,114,974</b>	52,098,082
Neuberger Berman Equity Fund® - Partners Fund	<b>39,356,340</b>	46,586,969
American Funds - Growth Fund of America	<b>49,812,366</b>	54,773,893
T. Rowe Price Small-Cap Stock Fund, Inc.	<b>49,028,306</b>	50,128,736
EuroPacific Growth Fund® -Class R6	<b>53,240,533</b>	65,708,261
T Rowe Price Retirement 2020 Fund	<b>31,897,710</b>	27,188,336
T Rowe Price Mid Cap Value Fund, Inc.	<b>19,207,867</b>	21,040,845
T Rowe Price Retirement 2015 Fund	<b>23,261,235</b>	19,438,749
Vanguard Small Cap Growth Index - Institutional Shares	<b>18,543,489</b>	18,631,764
T Rowe Price Retirement 2025 Fund	<b>21,518,540</b>	18,816,643
Vanguard Total International Stock Index Fund - Institutional Shares	<b>5,191,730</b>	5,465,732
Vanguard® Total Bond Market Index Fund - Signal™ Shares	<b>3,666,981</b>	-
Morgan Stanley Institutional Fund Trust - Mid Cap Growth Portfolio	<b>13,167,154</b>	14,139,968
T Rowe Price Retirement 2030 Fund	<b>15,466,470</b>	12,644,198
T Rowe Price Retirement 2010 Fund	<b>10,672,333</b>	10,120,850
T Rowe Price Retirement 2035 Fund	<b>8,035,742</b>	6,813,198
T Rowe Price Retirement 2040 Fund	<b>5,591,253</b>	4,826,365
Vanguard Small Cap Value Index Fund - Institutional Shares	<b>3,686,511</b>	3,687,628
T Rowe Price Retirement 2005 Fund	<b>3,195,407</b>	2,975,152
Vanguard Value Index Fund - Institutional Shares	<b>3,447,717</b>	2,936,588
T Rowe Price Retirement Income Fund	<b>2,916,310</b>	2,202,028
T Rowe Price Retirement 2045 Fund	<b>2,250,579</b>	1,867,869
T Rowe Price Retirement 2050 Fund	<b>710,042</b>	554,192
T Rowe Price Retirement 2055 Fund	<b>696,074</b>	632,309
Parnassus Equity Income Fund - Institutional Shares	<b>1,346,876</b>	252,248
Dreyfus MidCap Index Fund, Inc.	-	61
<b>Total Mutual Funds</b>	<b>771,315,084</b>	<b>793,217,304</b>
<b>Total Investments</b>	<b>\$ 1,082,957,510</b>	<b>\$ 1,083,074,835</b>

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Notes to the Financial Statements  
December 31, 2011 and 2010**

**2. INVESTMENTS AND INVESTMENT INCOME (continued)**

**Part 3: 401(a) Plan**

Investments held as of December 31, 2011 and 2010, were as follows:

<b>ASSETS</b>	<b>2011</b>	<b>2010</b>
<b>Fixed Investments - Investment Contract Pool</b>	<b>\$ 36,752,606</b>	<b>\$ 37,221,074</b>
Vanguard Institutional Index Fund - Institutional Plus	26,298,941	27,701,166
Fidelity(R) Puritan Fund	11,544,358	12,254,693
PIMCO Total Return Fund - Institutional Shares	5,186,723	5,435,154
Goldman Sachs Large Cap Value Fund - Institutional Shares	6,820,571	8,134,722
Vanguard Mid Cap Index Fund - Institutional Shares	-	7,932,762
Neuberger Berman Equity Fund® - Partners Fund	6,756,676	8,228,217
American Funds - Growth Fund of America	5,860,377	6,634,340
T. Rowe Price Small-Cap Stock Fund, Inc.	6,334,762	6,674,616
EuroPacific Growth Fund® -Class R6	5,396,151	6,770,203
T Rowe Price Retirement 2020 Fund	3,267,551	3,058,516
T Rowe Price Mid Cap Value Fund, Inc.	1,643,618	1,887,797
T Rowe Price Retirement 2015 Fund	2,186,673	2,052,044
Vanguard Total Bond Market Index Fund - Signal(TM) Shares	240,448	-
Vanguard Total International Stock Index Fund - Institutional Shares	235,669	-
Vanguard Mid Cap Index Fund - Institutional Plus Shares	7,322,966	-
Vanguard Small Cap Growth Index - Institutional Shares	2,231,948	2,348,982
T Rowe Price Retirement 2025 Fund	2,614,724	2,476,008
Morgan Stanley Institutional Fund Trust - Mid Cap Growth Portfolio	797,883	908,293
T Rowe Price Retirement 2030 Fund	2,333,990	2,233,553
T Rowe Price Retirement 2010 Fund	838,922	857,429
T Rowe Price Retirement 2035 Fund	1,533,430	1,557,317
Vanguard Total International Stock Index Fund - Investor Shares	-	287,017
T Rowe Price Retirement 2040 Fund	1,160,797	1,162,372
Vanguard Small Cap Value Index Fund - Institutional Shares	146,921	135,235
T Rowe Price Retirement 2005 Fund	146,101	157,261
Vanguard Value Index Fund - Institutional Shares	235,838	265,021
T Rowe Price Retirement Income Fund	193,253	154,865
T Rowe Price Retirement 2045 Fund	625,823	670,862
T Rowe Price Retirement 2050 Fund	253,144	266,722
T Rowe Price Retirement 2055 Fund	47,174	49,994
Parnassus Equity Income Fund - Institutional Shares	44,664	9,519
<b>Total Mutual Funds</b>	<b>102,300,096</b>	<b>110,304,680</b>
<b>Total Investments</b>	<b>\$ 139,052,702</b>	<b>\$ 147,525,754</b>

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Notes to the Financial Statements  
December 31, 2011 and 2010**

**2. INVESTMENTS AND INVESTMENT INCOME (continued)**

**Part 4: 403(b) Plan**

Investments held as of December 31, 2011 and 2010, were as follows:

<b>ASSETS</b>	<b>2011</b>	<b>2010</b>
Vanguard Institutional Index Fund - Institutional Plus	\$ 8,541,372	\$ 8,759,898
Fidelity(R) Puritan Fund	7,474,295	7,862,680
PIMCO Total Return Fund - Institutional Shares	4,765,603	5,063,417
Goldman Sachs Large Cap Value Fund - Institutional Shares	4,702,052	5,490,220
Vanguard Mid Cap Index Fund - Institutional Shares	-	6,117,994
Neuberger Berman Equity Fund® - Partners Fund	2,973,255	3,454,948
American Funds - Growth Fund of America	2,720,545	3,041,346
T. Rowe Price Small-Cap Stock Fund, Inc.	2,264,213	2,248,102
Vanguard Total International Stock Index Fund - Institutional Shares	993,733	-
Vanguard(R) Total Bond Market Index Fund - Signal™ Shares	613,188	-
Vanguard® Mid-Cap Index Fund - Institutional Plus Shares	5,675,515	-
EuroPacific Growth Fund® -Class R6	3,747,194	5,109,931
T Rowe Price Retirement 2020 Fund	754,565	828,574
T Rowe Price Mid Cap Value Fund, Inc.	880,838	947,965
T Rowe Price Retirement 2015 Fund	1,135,682	859,920
Vanguard Small Cap Growth Index - Institutional Shares	1,618,692	1,463,240
T Rowe Price Retirement 2025 Fund	470,646	386,339
Morgan Stanley Institutional Fund Trust - Mid Cap Growth Portfolio	1,165,475	1,080,671
T Rowe Price Retirement 2030 Fund	406,124	393,372
T Rowe Price Retirement 2010 Fund	689,966	593,892
T Rowe Price Retirement 2035 Fund	97,313	44,799
Vanguard Total International Stock Index Fund - Investor Shares	-	1,083,247
T Rowe Price Retirement 2040 Fund	73,702	57,563
Vanguard Small Cap Value Index Fund - Institutional Shares	666,454	642,550
T Rowe Price Retirement 2005 Fund	824,816	445,154
Vanguard Value Index Fund - Institutional Shares	180,906	178,179
Vanguard Prime Money Market Fund - Institutional Shares	5,813,026	6,066,703
T Rowe Price Retirement Income Fund	236,339	394,278
T Rowe Price Retirement 2045 Fund	30,634	20,942
Great West Life Assurance Company	4,261,423	4,398,159
T Rowe Price Retirement 2050 Fund	4,703	2,181
T Rowe Price Retirement 2055 Fund	168	7,251
Parnassus Equity Income Fund - Institutional Shares	136,273	39,975
<b>Total Mutual Funds</b>	<b>\$ 63,918,710</b>	<b>\$ 67,083,490</b>

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Notes to the Financial Statements  
December 31, 2011 and 2010**

**2. INVESTMENTS AND INVESTMENT INCOME**

**Part 5: MSRP – All Plans Summary**

Investments held including a discontinued group annuity contract and annuity reserves held by Nationwide Life and Metropolitan Life, as of December 31, 2011 and 2010, were as follows:

ASSETS	2011	2010
<b>Fixed Investments - Investment Contract Pool</b>	<b>\$ 779,947,367</b>	<b>\$ 747,100,424</b>
Vanguard Institutional Index Fund - Institutional Plus	279,730,954	290,376,442
Fidelity(R) Puritan Fund	193,959,307	203,053,841
PIMCO Total Return Fund - Institutional Shares	127,489,894	131,463,651
Goldman Sachs Large Cap Value Fund - Institutional Shares	108,798,410	128,727,373
Vanguard Mid Cap Index Fund - Institutional Shares	49,114,974	115,421,243
Neuberger Berman Equity Fund® - Partners Fund	88,633,531	106,780,703
American Funds - Growth Fund of America	94,589,771	105,052,948
T Rowe Price Small-Cap Stock Fund, Inc.	94,994,616	98,172,388
EuroPacific Growth Fund® -Class R6	62,383,878	77,588,395
American Funds - Euro Pacific Growth Fund	45,088,647	56,792,414
T Rowe Price Retirement 2020 Fund	56,177,780	47,974,725
T Rowe Price Mid Cap Value Fund, Inc.	38,633,693	43,572,053
T Rowe Price Retirement 2015 Fund	43,203,649	36,274,214
Vanguard Small Cap Growth Index - Institutional Shares	35,217,218	35,624,049
T Rowe Price Retirement 2025 Fund	37,674,582	32,666,826
Morgan Stanley Institutional Fund Trust - Mid Cap Growth Portfolio	26,692,132	28,267,119
T Rowe Price Retirement 2030 Fund	30,911,154	25,884,640
T Rowe Price Retirement 2010 Fund	20,406,013	19,616,928
T Rowe Price Retirement 2035 Fund	16,989,179	14,610,801
Vanguard Total International Stock Index Fund - Investor Shares	5,518,806	12,621,569
T Rowe Price Retirement 2040 Fund	12,871,914	11,193,159
Vanguard Small Cap Value Index Fund - Institutional Shares	7,761,193	8,086,750
T Rowe Price Retirement 2005 Fund	6,930,318	6,717,798
Vanguard Value Index Fund - Institutional Shares	7,620,260	6,616,830
Vanguard Prime Money Market Fund - Institutional Shares	5,813,026	6,066,703
T Rowe Price Retirement Income Fund	6,937,771	5,484,172
T Rowe Price Retirement 2045 Fund	6,037,747	5,113,529
Great West Life Assurance Company	4,261,423	4,398,159
T Rowe Price Retirement 2050 Fund	2,827,644	2,277,018
T Rowe Price Retirement 2055 Fund	1,173,759	997,003
Vanguard Total International Stock Index Fund - Institutional Shares	6,421,132	-
Vanguard® Total Bond Market Index Fund - Signal™ Shares	7,777,994	-
Vanguard® Mid-Cap Index Fund - Institutional Plus Shares	58,054,197	-
Parnassus Equity Income Fund - Institutional Shares	2,889,013	415,308
Dreyfus MidCap Index Fund, Inc.	-	61
<b>Total Mutual Funds</b>	<b>1,593,585,579</b>	<b>1,667,908,812</b>
Discontinued investment options - Nationwide Fixed Annuities	79,766,261	83,650,654
Nationwide Life annuity payout reserves	14,959,230	16,363,714
Metropolitan Life annuity payout reserves	5,238,313	5,502,922
<b>Total Annuities</b>	<b>99,963,804</b>	<b>105,517,290</b>
<b>Total Investments</b>	<b>\$ 2,473,496,750</b>	<b>\$ 2,520,526,526</b>

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS****Notes to the Financial Statements  
December 31, 2011 and 2010****2. INVESTMENTS AND INVESTMENT INCOME (continued)**

Investment contract pool interest income in the 457, 401(k) and 401(a) plans is recorded based upon a blended rate of the contractual interest of all investment contracts in force during the period. These amounts are credited to the participants' accounts prior to charges for administrative expenses charged by the Administrator and the Board of the Plan. The blended gross interest rate was 2.32% as of December 31, 2011, and ranged from 2.14% to 2.55% during the year ended December 31, 2011. The blended gross interest rate was 2.37% as of December 31, 2010, and ranged from 2.29% to 2.48% during the year ended December 31, 2010. The contract value as of December 31, 2011 and 2010, was \$779,947,367 and \$747,100,424, respectively. The fair market value as of December 31, 2011 and 2010, was \$806,002,858 and \$759,292,610, respectively, and the wrapper value was \$728,050 and \$637,506, respectively.

The Nationwide Life fixed annuities in the 457 plan reflect investments made under a fixed group annuity contract with Nationwide Life. That contract has been closed to new contributions since January 1, 1987.

Interest income on investments in Nationwide Life fixed annuities and annuity payout reserves are recorded as earned on an accrual basis. Beginning in 1982, based upon the date of contribution, Nationwide Life initiated a plan for paying different rates to specific pools of money. The gross interest rate paid on fixed annuity contributions was 4.1% as of December 31, 2011, which did not change during the year, and was 4.13% as of December 31, 2010, and ranged from 4.1% to 4.2% for the years then ended.

The 403(b) plan includes a closed fixed earnings investment with the Great-West Fixed Investment Fund and is valued at contract value, which represents costs plus interest credited at guaranteed rates (subject to quarterly market adjustments, as reported by Great-West as of December 31). These amounts are credited to the participant's accounts prior to charges for administration expenses charged by the Administrator and the Board of the Plan. The gross interest rate paid on contributions to this investment was 4.0% in 2011 and 2010, respectively. This option is not open for new contributions or exchanges.

Mutual fund investment income consists of dividends earned and realized and unrealized gains and losses attributable to the underlying investments.

MSRP discloses investment risks, below, in accordance with GASB Statement No. 40, which defines these risks as follows:

*Interest Rate Risk.* Interest risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Notes to the Financial Statements  
December 31, 2011 and 2010**

**2. INVESTMENTS AND INVESTMENT INCOME (continued)**

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to an investment in a single issuer.

*Custodial Credit Risk.* Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either (a) the counterparty, or (b) the counterparty's trust department or agent but not in MSRP's name.

*Foreign Currency Risk.* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

*Average Maturities.* The investments and weighted average maturities as of December 31, 2011 and 2010, were as follows:

	<b>December 31, 2011</b>	
	<b>Valuation</b>	<b>Weighted Average Maturity</b>
Investment Contract Pool	\$ 779,947,367	2.65 years
Variable earnings:		
PIMCO Total Return Fund – Institutional Shares	127,489,894	8.9 years
Great-West Fixed Investment Fund		
Variable earnings:		
Vanguard® Prime Money Market Fund – Investors Shares	4,261,423 5,813,026	3.1 years 0.2 years

Note: The Investment Contract Pool is only available in the 457, 401(k) and 401(a) Plans. The Great-West Fixed Investment Fund and the Vanguard Prime Money Market Fund are only available in the 403(b) Plan.

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Notes to the Financial Statements  
December 31, 2011 and 2010**

**2. INVESTMENTS AND INVESTMENT INCOME (continued)**

	<b>December 31, 2010</b>	
	<b>Valuation</b>	<b>Weighted Average Maturity</b>
Investment Contract Pool	\$ 747,100,424	3.33 years
Variable earnings:		
PIMCO Total Return Fund – Institutional Shares	131,463,651	7.1 years
Great-West Fixed Investment Fund		
Variable earnings:		
Vanguard® Prime Money Market Fund – Investors Shares	4,398,159 6,066,703	3.1 years 0.2 years

Note: The Investment Contract Pool is only available in the 457, 401(k) and 401(a) Plans. The Great-West Fixed Investment Fund and the Vanguard Prime Money Market Fund are only available in the 403(b) Plan.

*Interest rate risk, credit risk and concentration of credit risk.* Since all investments are participant directed, all risks are at the participant level. Each individual has the ability to liquidate their positions on demand and have responsibility for managing their exposure to fair value loss. Participants have the option to change their investment options to any investment available to alter their interest rate risk.

The investment contract pool had a reported credit rating of AA for the years ended December 31, 2011 and 2010. Mutual Funds were unrated.

*Custodial credit risk – deposits* is the risk that, in the event of a bank failure, MSRP's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in MSRP's name.

All deposits of MSRP, consisting of amounts held by the agency for an administrative expense, are held on behalf of MSRP by the State in accordance with the formal deposit policy for custodial credit risk of the State.

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS****Notes to the Financial Statements  
December 31, 2011 and 2010****3. LIFE INSURANCE**

In the 457 plan, the amount of life insurance in force with Unum Life was approximately \$8,953,280 and \$8,464,419 as of December 31, 2011 and 2010, respectively. Participants in the 457 plan contributed \$31,438 and \$43,114 towards premiums for life insurance contracts offered by Unum Life during the years ended December 31, 2011 and 2010, respectively. At the time of retirement or termination of employment from the State, these participants have the option of continuing to make the life insurance premium payments or to receive the cash surrender value of the policy. This option is no longer available to new participants, only participants with policies may continue to make contributions to this option.

**4. ADMINISTRATIVE EXPENSES**

The Board has appointed Nationwide® Retirement Solutions, Inc. (NRS), as the administrator under an administrative services contract. NRS is a subsidiary of Nationwide Financial Services, Inc., the owner of Nationwide Life and provider of certain 457 plan fixed annuities that are no longer available to new participants or for exchanges from other plan investments.

The current contract with NRS to provide administrative services to MSRP under Board authority became effective January 1, 2008. Under the agreement, NRS provides administrative services, such as account statements, monitoring financial transactions, participant relations, and general management. Fees were charged by NRS at an annual rate of 0.14% in 2011 and 2010, respectively against the mutual fund, investment contract pool and fixed annuity assets.

During 2011 and 2010, an additional charge of 0.05% was imposed by MSRP for its expenses (staff, auditor, consultants, education and other administrative expenses). The fees are collected directly from participant's accounts. During 2011 and 2010, an additional fee of \$0.50 per month was charged for each account with a balance greater than \$500 in the 457, 401(k), and 403(b) plans. The fee will be used to stabilize revenue for board operations. The annual cap on participant charges was \$2,000 for 2011 and 2010.

Participants choosing to exercise loan options are assessed an origination fee of \$50.

The cash balance in the accompanying financial statements as of December 31, 2011 and 2010, represents charges assessed by the Board from all deferred compensation plans and held as pooled cash by the Maryland State Treasurer in excess of expenses paid on behalf of the Board. By State law, this amount does not revert to the general fund of the State but constitutes a dedicated fund or reserve for use by the Plan, pursuant to the usual State appropriation process.

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS****Notes to the Financial Statements  
December 31, 2011 and 2010****4. ADMINISTRATIVE EXPENSES (continued)**

The cash reserve balance was \$297,432 and \$176,328 as of December 31, 2011 and 2010, respectively. In addition, the appropriate funds and cash reserves are carried on the 457 Plan financial statements as a matter of historical practice, arising from the period prior to 1990 when the 457 Plan was the only Plan operated by the Board and all 457 Plan assets, including the cash reserves were general non-trust funds of the State.

**5. TAX STATUS**

In the opinion of the State's legal counsel, the Plans are exempt from income taxes under the applicable section of the IRC (the Code) and, therefore, the amounts contributed by the State on behalf of the employees participating in MSRP are not subject to Federal income tax withholding nor are they includable in taxable income until actually paid or otherwise made available to the participant, the participant's beneficiary, or the participant's estate.

**6. RELATED PARTIES**

Certain members of the Board are participants in one or more Plans in the MSRP.

**ADDITIONAL INFORMATION**

**MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**Schedule of Administrative Expenses  
For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Plan Administrator		
Third party administrator fees	\$ 2,670,597	\$ 2,510,542
Plan Sponsor*		
Salaries, wages and fringe benefits	1,070,891	1,078,193
Technical and special fees	943	4,401
Communications	18,797	22,451
Travel (in-state and out-of-state)	15,523	12,243
Contractual services	235,772	233,543
Supplies and materials	3,830	4,935
Equipment and furnishings	45,205	5,183
Fixed charges	127,935	124,314
Plan Sponsor Total	<u>1,518,896</u>	<u>1,485,263</u>
<b>Total Administrative Expenses</b>	<u><u>\$ 4,189,493</u></u>	<u><u>\$ 3,995,805</u></u>

\*See footnote 4 for more information.

**ATTACHMENT K**

<b>Month Schedule</b>					
County	Date	Location	Time	Scheduled	Representative
Anne Arundel	9	MVA - Glen Burnie	10am - 4pm	One on One Meeting	GP
Anne Arundel	10	Housing - Crownsville	9:30am - 4pm	One on One Meeting	GP
Anne Arundel	12	MD Environment Service - Millersville	12pm - 5pm	One on One Meeting	GP
Anne Arundel	12	MVA - 6601 Ritchie Hwy - Glen Burnie	10am - 4pm	By Appointment Only	JC*
Anne Arundel	13	Comptroller - Annapolis	10am - 4pm	One on One Meeting	GP
Anne Arundel	17	BWI Airport - Linthicum	10am - 4pm	One on One Meeting	GP
Anne Arundel	18	Legislative Services - Annapolis	9:30am - 4pm	One on One Meeting	GP
Anne Arundel	19	Agriculture - Annapolis	11am - 5pm	One on One Meeting	GP
Anne Arundel	24	BWI Airport - Linthicum	10am - 4pm	One on One Meeting	GP
Anne Arundel	25	DOT Headquarters - Hanover	9:30am - 4pm	One on One Meeting	GP
Anne Arundel	25	Assess & Taxation - Annapolis	10am - 4pm	One on One Meeting	GP
Anne Arundel	25	MAIF - 1750 Forrest Drive - Annapolis	10am - 4pm	By Appointment Only	JC*
Anne Arundel	26	State Highway Administration - Hanover	9am - 4pm	Seminar/One on One Meeting	GP
Anne Arundel	27	MDOT - 160 Harry Truman Pkwy-Annapolis	10am - 4pm	By Appointment Only	JC*
Baltimore	3	IWIF	10am - 4pm	One on One Meeting	DW
Baltimore	5	Spring Grove Hospital	10am - 4pm	Orientation/One on One Meeting	DW
Baltimore	6	Spring Grove Hospital	9am - 3pm	One on One Meeting	DW
Baltimore	9	Martin State Airport	7am - 2pm	One on One Meeting	DW
Baltimore	10	PRC Breakfast - Hunt Valley Marriott	9am - 3pm	Seminar/One on One Meeting	DW
Baltimore	11	Maryland State Police	9am - 12pm	Orientation/One on One Meeting	DW
Baltimore	11	MdTA	1pm - 4pm	Orientation/One on One Meeting	DW
Baltimore	17	IWIF	9am - 4pm	One on One Meeting	DW
Baltimore	19	Towson University	9am - 3pm	One on One Meeting	DW
Baltimore	20	Public Safety	10am - 3pm	One on One Meeting	DW
Baltimore	25	Maryland State Police	10am - 4pm	Orientation/One on One Meeting	DW
Baltimore	26	UMBC	10am - 3pm	One on One Meeting	DW
Baltimore	31	Education	9am - 4pm	One on One Meeting	DW
Baltimore City	3	State Center Complex - 301 W. Preston St.	10am - 4pm	One on One Meeting	KG

**ATTACHMENT K**

Baltimore City	5	State Center - 201 W. Preston St, Rm L4	10am - 4pm	One on One Meeting	KG
Baltimore City	10	UMB - 520 W. Lexington St, HR Rm 3146	10am - 4pm	One on One Meeting	KG
Baltimore City	11	Environment	9am - 4pm	One on One Meeting	GP
Baltimore City	11	BCCC, Gaare Auditorium	12pm - 1pm	MRSP Enrollment Workshop	KG
Baltimore City	11	BCCC, Gaare Auditorium	11am - 5pm	One on One Meeting	KG
Baltimore City	12	State Center - 201 W. Preston St, Rm L4	10am - 4pm	One on One Meeting	KG
Baltimore City	13	Dept of Juvenile Services - Confr Room	10am - 5pm	One on One Meeting	KG
Baltimore City	16	State Highway Administration	10am - 4pm	One on One Meeting	GP
Baltimore City	17	Morgan State Univesity-Student Ctr Rm 208	10am - 4pm	One on One Meeting	KG
Baltimore City	18	Wm Donald Schaefer Bldg - Room 200	10am - 3pm	One on One Meeting	KG
Baltimore City	18	MTA-6 St Paul MTA NHO 5th flr	3pm - 4:30pm	New Employee Orientation	KG
Baltimore City	19	State Center - 201 W. Preston St, Rm L4	10am - 4pm	One on One Meeting	KG
Baltimore City	24	CSU, HR Dept Conf Room	10am - 3:30pm	One on One Meeting	KG
Baltimore City	26	DGS - 201 W. Preston St	9am - 4pm	By Appointment Only	JC*
Baltimore City	26	State Center - 201 W. Preston St, Rm L4	10am - 4pm	One on One Meeting	KG
Baltimore City	30	State Highway Administration	10am - 4pm	One on One Meeting	GP
Baltimore City	30	DLLR, 1100 N. Eutaw St, LL Training Rm	9am - 4pm	One on One Meeting	KG
Baltimore City	30	DLLR, 1100 N. Eutaw St, LL Training Rm	12pm - 1pm	MSRP Enrollment Workshop	KG
Carroll	13	Springfield	2pm - 4pm	Orientation	MG
Carroll	16	Springfield	9am - 4pm	One on One Meeting	MG
Carroll	18	Police and Correctional Training	10am - 3pm	One on One Meeting	MG
Cecil	26	North East MD State Police	9am - 1pm	One on One Meeting	AC
Frederick	6	Frederick County Health Dept.	10am - 4pm	By Appointment Only	ARC*
Harford	12	Bel Air - Multi-Service Building	10am - 4pm	One on One Meeting	DW
Harford	18	Parole and Probation	10am - 4pm	One on One Meeting	DW
Howard	9	Health Department	9am - 4pm	One on One Meeting	MG
Montgomery	5	MVA Walnut Hill Express Office	10am - 3pm	One on One Meeting	OO
Montgomery	10	MVA White Oak Express Office	10am - 3pm	One on One Meeting	OO
Montgomery	19	Alfred D. Noyes Children's Center	10am - 3pm	One on One Meeting	OO
Prince George's	2	USM	10am - 4pm	One on One Meeting	OO

**ATTACHMENT K**

Prince George's	3	UMCP	10am -4pm	One on One Meeting	OO
Prince George's	9	Dept of Juvenile Services - Upper Marlboro	10am - 4pm	By Appointment Only	ARC*
Prince George's	17	UMCP	10am - 4pm	One on One Meeting	OO
Prince George's	18	BSU	10am - 4pm	One on One Meeting	OO
Prince George's	25	UMUC - Pontiac Satellite Office	11am - 2pm	One on One Meeting	OO
Prince George's	26	UMUC - Largo Office	10am - 4pm	One on One Meeting	OO
Prince George's	27	University of MD - College Park	10am - 4pm	By Appointment Only	ARC*
Prince George's	27	UMUC - Adelphi Office	10am - 4pm	One on One Meeting	OO
Queen Anne's	18	Health Department	9am - 1pm	One on One Meeting	AC
Queen Anne's	19	Multi Service - 120 Broadway - Centreville	10am - 4pm	By Appointment Only	JC*
Queen Anne's	25	Maryland State Police	9am - 1pm	One on One Meeting	AC
Somerset	9	Eastern Correctional Institution	2pm - 3pm	New Hire Meeting	AC
Somerset	30	Eastern Correctional Institution	9am - 12pm	One on One Meeting	AC
Talbot	19	Health Department	9am - 1pm	One on One Meeting	AC
Talbot	24	Maryland State Police	9am - 1pm	One on One Meeting	AC
Washington	10	RCI	8am - 4pm	One on One Meeting	MG
Washington	11	RCI Training Center	1pm - 3pm	One on One Meeting	MG
Washington	12	MCTC	8am - 4pm	One on One Meeting	MG
Wicomico	10	Salisbury University	10am - 3pm	Seminar/One on One Meeting	AC
Wicomico	11	Deer's Head Hospital	9am - 1pm	Seminar/One on One Meeting	AC
Wicomico	17	Baptist Street Multi Service Building	9:30am - 1pm	One on One Meeting	AC

**Month Schedule**



# Maryland Teachers and State Employees Supplemental Retirement Plans



---

## Administrator's Report First Quarter 2012

---

**Rollovers In/Transfers In Include....**

Plan to Plan Transfers In from Another NRS Plan

**Other Contributions Include....**

Plan to Plan Transfers In from Another Maryland Plan

Loan Repayments

QDRO's (Qualified Domestic Relations Order)

**Total Contributions Include....**

Deferrals

Rollovers In/Transfers In

Plan to Plan Transfers In from Another NRS Plan

Plan to Plan Transfers In from Another Maryland Plan

Loan Repayments

QDRO's (Qualified Domestic Relations Order)

**Rollovers Out/Transfers Out Include....**

Rollovers Out/Transfers Out

Plan to Plan Transfers Out to Another NRS Plan

**Other Withdrawals Include....**

Plan to Plan Transfers Out to Another Maryland Plan

Annuity Payments

Death Distributions

Financial Hardships

In-service Withdrawals

Loan Distributions

Purchase of Service Credits

Purchased Annuities

Termination of Employment

QDRO's (Qualified Domestic Relations Order)

**Total Withdrawals Include....**

Rollovers Out/Transfers Out

Plan to Plan Transfers Out to Another NRS Plan

Plan to Plan Transfers Out to Another Maryland Plan

Annuity Payments

Death Distributions

Financial Hardships

In-service Withdrawals

Loan Distributions

Purchase of Service Credits

Purchased Annuities

Termination of Employment

QDRO's (Qualified Domestic Relations Order)

**Other (from Participant Account Activity) Includes....**

Full Liquidation of Established Annuity

Full Withdrawal - Financial Hardship - Unforeseen Emergencies

In-Service Withdrawals (age 59 1/2 withdrawals)

Purchase of Service Credits

# Table of Contents

## MSRP – All Plans Combined

Financial Overview.....	1
Asset and Contribution Comparison.....	2
Allocation of Assets and Contributions.....	3-5
Mutual Fund Reimbursements.....	6-7
Participant Account Activity.....	8
Participant Breakdown.....	9
Comparison of Distributions and Contributions.....	10

## 457 Plan

Financial Activity.....	11
Allocation of Assets and Contributions.....	12-14
Total Contributions.....	15
Participant Account Activity.....	16
Participant Breakdown.....	17
Comparison of Distributions and Contributions.....	18
Financial Hardship Requests.....	19

## 401(k) Plan

Financial Activity.....	20
Allocation of Assets and Contributions.....	21-23
Total Contributions.....	24
Participant Account Activity.....	25
Participant Breakdown.....	26
Comparison of Distributions and Contributions.....	27
Financial Hardship Requests.....	28

## 403(b) Plan

Financial Activity.....	29
Allocation of Assets and Contributions.....	30-32
Total Contributions.....	33
Participant Account Activity.....	34
Participant Breakdown.....	35
Comparison of Distributions and Contributions.....	36
Financial Hardship Requests.....	37

## 401(a) Plan

Financial Activity.....	38
Total Contributions.....	39
Comparison of Distributions and Contributions.....	40

## Marketing Updates

MSRP Plan Participation Levels.....	41
RS/Customer Service Production Summary.....	42
NRS Service Summary.....	43
Loan and Hardship History.....	44
NRS Field Updates.....	45
Rollover Participant Information.....	46
Rollovers Out – Top Payees.....	47
MBE/WBE Purchasing.....	48
Service Credit Withdrawals.....	49
Withdrawal Explanation.....	50
Contribution Explanation.....	51

MSRP -  
All Plans  
Combined

# MSRP - All Plans Combined

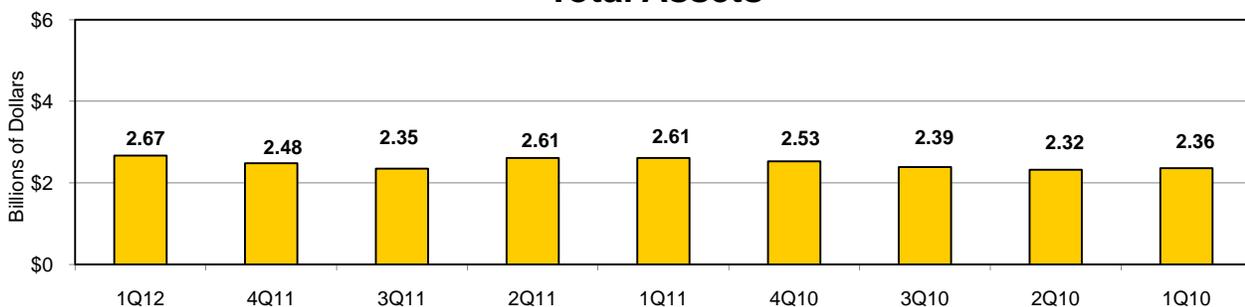
## 1st Quarter 2012

Summary of 457, 403(b), 401(k) and 401(a) financial transactions and the resultant effect on Plan assets (unaudited).

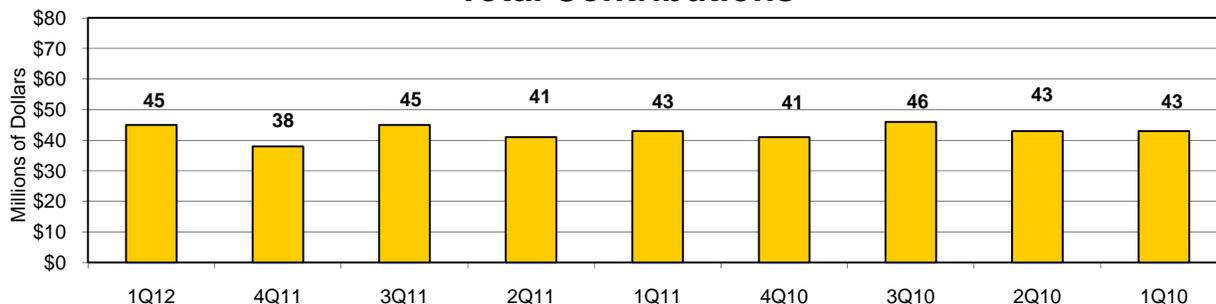
	2012	2011
Beginning Asset Balance - January 1	2,482,673,275	2,525,448,380
Contributions		
Deferrals	33,744,911	35,117,313
Rollovers/Transfers In	5,664,645	2,523,471
Other Contributions	5,858,827	5,369,921
<b>Total</b>	<b>45,268,384</b>	<b>43,010,705</b>
Withdrawals		
Rollovers/Transfers Out	(17,881,450)	(23,714,124)
Other Withdrawals	(25,512,535)	(26,575,290)
<b>Total</b>	<b>(43,393,985)</b>	<b>(50,289,414)</b>
Fees	(1,343,709)	(1,332,026)
Investment Performance	186,074,575	96,697,652
Ending Asset Balance - March 31	2,669,278,539	2,613,535,298
Net Change	7.52%	3.49%
	\$ 186,605,264	\$ 88,086,918
Investment Results*	7.48%	3.82%

The above information does not include annuitized assets, or cash values held by UNUM (Commercial Life). These figures are furnished separately in quarterly financial reports.

### Total Assets



### Total Contributions

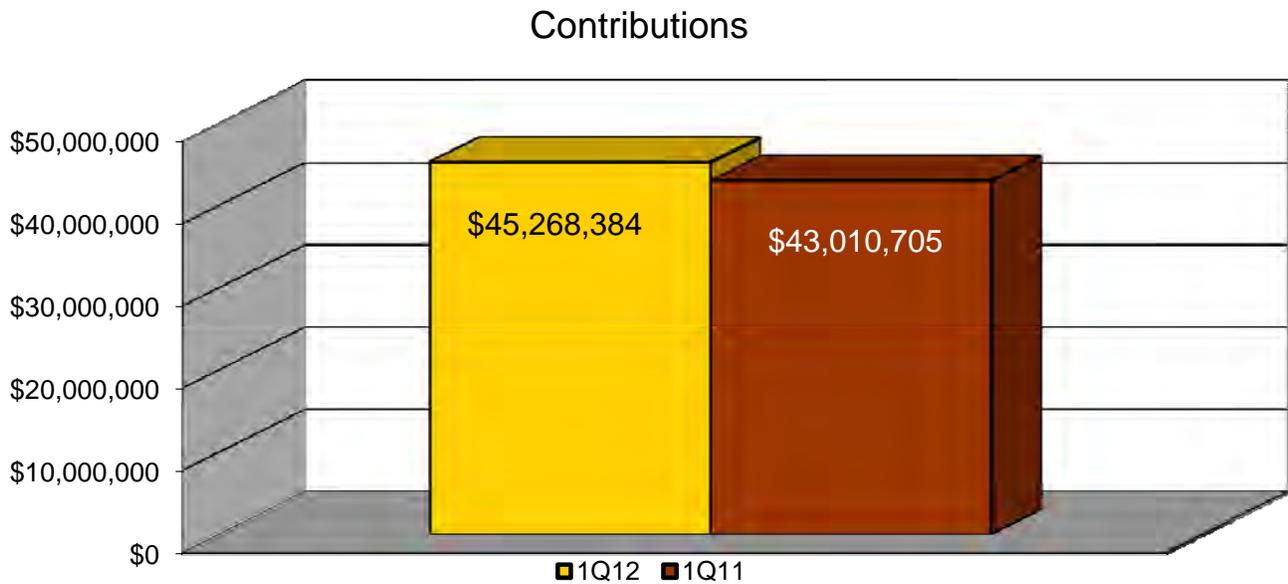
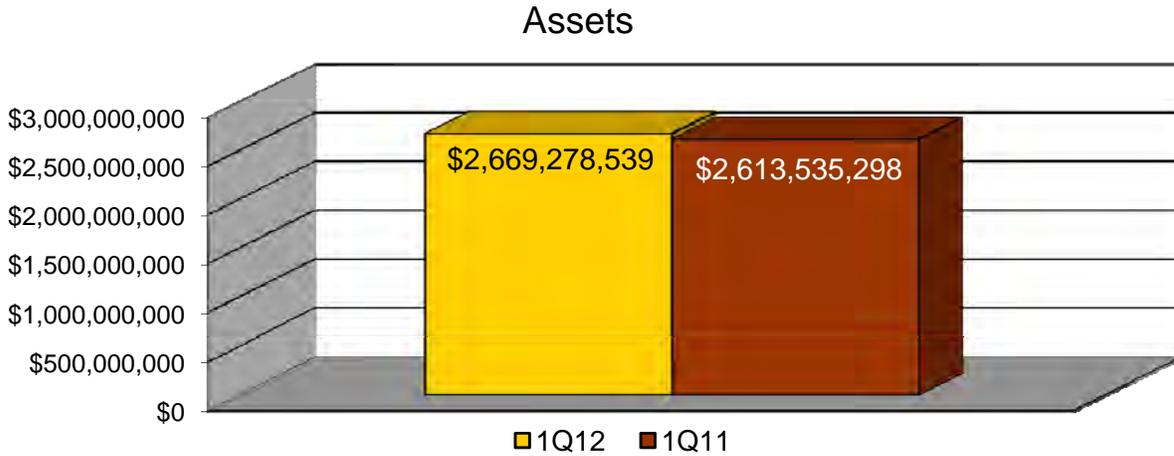


\*Estimated by adding half of the quarterly contributions to the beginning asset balance, deducting half of the quarterly withdrawals, divided into the quarterly investment performance.

# MSRP - All Plans Combined

## 1st Quarter 2012

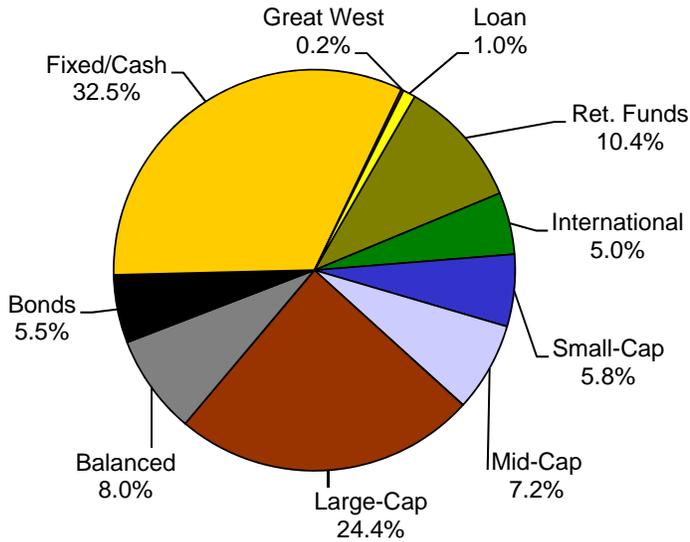
### Asset and Contribution Comparison



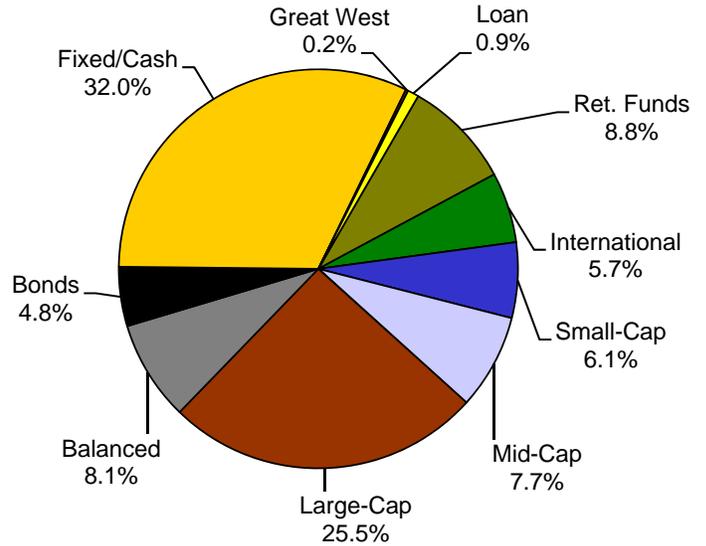
# MSRP - Allocation of Assets and Contributions

## 1st Quarter 2012

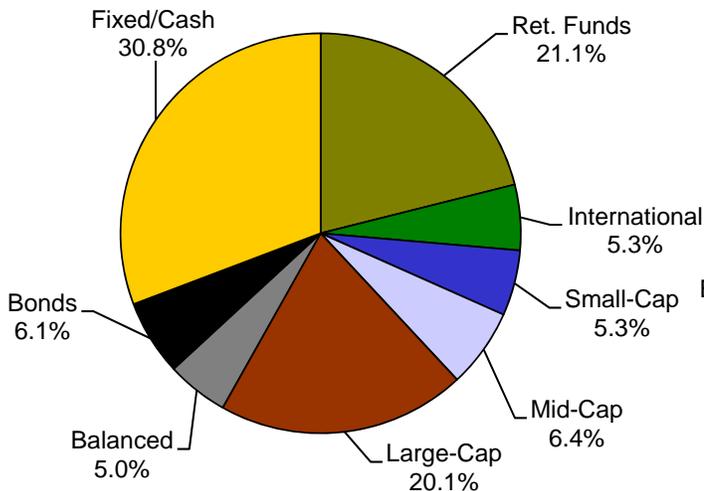
1st Quarter 2012  
Asset Allocation



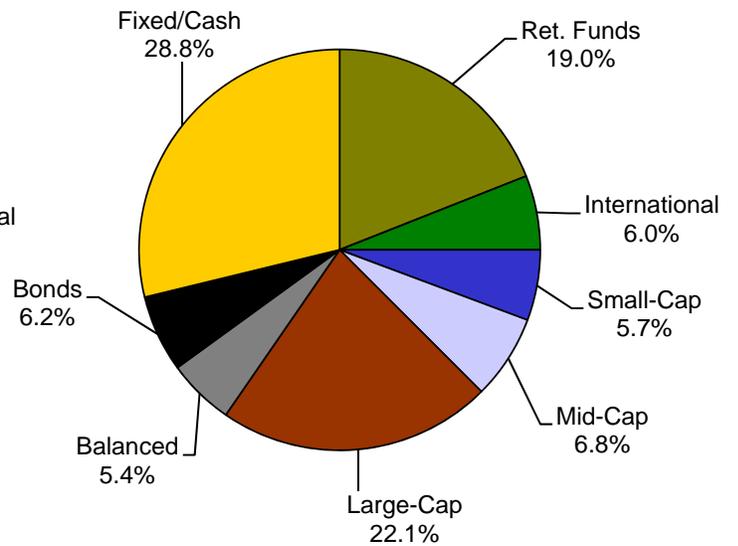
1st Quarter 2011  
Asset Allocation



1st Quarter 2012  
Contribution Allocation



1st Quarter 2011  
Contribution Allocation



NOTE: Due to rounding, percentages may not total 100%.

# MSRP - Allocation of Assets

## 1st Quarter 2012

	Assets for 1st Quarter 2012	Assets for 1st Quarter 2012 % of Total	Assets for 1st Quarter 2011 % of Total
<b>Retirement Funds</b>			
T. Rowe Price Retirement 2005 Fund	\$ 7,059,773	0.3%	0.3%
T. Rowe Price Retirement 2010 Fund	\$ 22,428,506	0.8%	0.8%
T. Rowe Price Retirement 2015 Fund	\$ 49,063,390	1.8%	1.6%
T. Rowe Price Retirement 2020 Fund	\$ 63,643,796	2.4%	2.0%
T. Rowe Price Retirement 2025 Fund	\$ 44,844,595	1.7%	1.4%
T. Rowe Price Retirement 2030 Fund	\$ 35,741,199	1.3%	1.1%
T. Rowe Price Retirement 2035 Fund	\$ 20,205,993	0.8%	0.6%
T. Rowe Price Retirement 2040 Fund	\$ 15,109,688	0.6%	0.5%
T. Rowe Price Retirement 2045 Fund	\$ 7,259,228	0.3%	0.2%
T. Rowe Price Retirement 2050 Fund	\$ 3,517,011	0.1%	0.1%
T. Rowe Price Retirement 2055 Fund	\$ 1,448,478	0.1%	0.0%
T. Rowe Price Retirement Income Fund	\$ 7,611,467	0.3%	0.2%
<b>Sub Total</b>	<b>\$ 277,933,125</b>	<b>10.4%</b>	<b>8.8%</b>
<b>International Stock</b>			
EuroPacific Growth Fund(R) - (Class R6)	\$ 118,599,830	4.4%	5.2%
Vanguard Total Intl. Stock Index Fund (Inst. Shares)	\$ 13,543,860	0.5%	0.5%
<b>Small-Cap Stock</b>			
T. Rowe Price Small Cap Stock Fund	\$ 106,235,980	4.0%	4.1%
Vanguard Small Cap Growth Index (Inst. Class)	\$ 40,024,888	1.5%	1.6%
Vanguard Small Cap Value Index (Inst. Class)	\$ 8,859,543	0.3%	0.3%
<b>Mid-Cap Stock</b>			
Morgan Stanley Funt Trust (Inst. Class)	\$ 30,097,370	1.1%	1.2%
Vanguard Mid Cap Index Fund (Inst. Plus Class)	\$ 119,984,657	4.5%	4.7%
T. Rowe Price Mid Cap Value Fund	\$ 42,420,530	1.6%	1.8%
<b>Large-Cap Stock</b>			
The Growth Fund of America (Class R6)	\$ 107,040,550	4.0%	4.2%
Vanguard Institutional Index (Plus Shares)	\$ 313,515,890	11.7%	11.6%
Neuberger Berman Partners (Inv. Class)	\$ 96,062,827	3.6%	4.3%
Goldman Sachs Large Cap Value Fd. (Inst. Class)	\$ 121,573,591	4.6%	5.1%
Vanguard Value Index Fund (Inst. Class)	\$ 8,217,985	0.3%	0.3%
Parnassus Equity Income Fund (Inst. Class)	\$ 5,762,905	0.2%	0.0%
<b>Balanced</b>			
Fidelity Puritan Fund	\$ 213,276,715	8.0%	8.1%
<b>Bonds</b>			
PIMCO Total Return Fund	\$ 135,060,327	5.1%	4.8%
Vanguard(R) Total Bond Market Index Fund (Signal)	\$ 11,224,849	0.4%	0.0%
<b>Fixed Account/Cash</b>			
Investment Contract Pool	\$ 783,639,928	29.4%	28.6%
Nationwide Fixed Account	\$ 79,379,761	3.0%	3.2%
Vanguard Money Market Fund	\$ 5,750,000	0.2%	0.2%
<b>Third Party Administrator</b>			
Great West	\$ 4,031,330	0.2%	0.2%
<b>Loan</b>			
Loan	\$ 27,042,098	1.0%	0.9%
<b>Total</b>	<b>\$ 2,669,278,539</b>	<b>100.0%</b>	<b>100.0%</b>

# MSRP - Allocation of Contributions\*

## 1st Quarter 2012

	Contributions for 1st Quarter 2012	Contributions for 1st Quarter 2012 % of Total	Contributions for 1st Quarter 2011 % of Total
<b>Retirement Funds</b>			
T. Rowe Price Retirement 2005 Fund	\$ 264,745	0.6%	0.3%
T. Rowe Price Retirement 2010 Fund	\$ 490,343	1.1%	1.0%
T. Rowe Price Retirement 2015 Fund	\$ 1,365,145	3.0%	2.9%
T. Rowe Price Retirement 2020 Fund	\$ 1,904,424	4.2%	4.1%
T. Rowe Price Retirement 2025 Fund	\$ 1,544,192	3.4%	3.2%
T. Rowe Price Retirement 2030 Fund	\$ 1,417,559	3.1%	2.6%
T. Rowe Price Retirement 2035 Fund	\$ 901,526	2.0%	1.9%
T. Rowe Price Retirement 2040 Fund	\$ 689,392	1.5%	1.3%
T. Rowe Price Retirement 2045 Fund	\$ 501,104	1.1%	0.8%
T. Rowe Price Retirement 2050 Fund	\$ 249,313	0.6%	0.5%
T. Rowe Price Retirement 2055 Fund	\$ 103,458	0.2%	0.1%
T. Rowe Price Retirement Income Fund	\$ 104,635	0.2%	0.3%
<b>Sub Total</b>	<b>\$ 9,535,838</b>	<b>21.1%</b>	<b>19.0%</b>
<b>International Stock</b>			
Vanguard Total Intl. Stock Index Fund (Inv. Shares)	\$ -	0.0%	0.4%
EuroPacific Growth Fund(R) - (Class R6)	\$ 2,081,921	4.6%	5.1%
Vanguard Total Intl. Stock Index Fund (Intl. Shares)	\$ 326,011	0.7%	0.5%
<b>Small-Cap Stock</b>			
T. Rowe Price Small Cap Stock Fund	\$ 1,533,789	3.4%	3.7%
Vanguard Small Cap Growth Index (Inst. Class)	\$ 649,472	1.4%	1.4%
Vanguard Small Cap Value Index (Inst. Class)	\$ 227,021	0.5%	0.5%
<b>Mid-Cap Stock</b>			
Morgan Stanley Fund Trust (Inst. Class)	\$ 602,819	1.3%	1.2%
Vanguard Mid Cap Index Fund (Inst. Class)	\$ -	0.0%	3.4%
Vanguard Mid Cap Index Fund (Inst. Plus Class)	\$ 1,341,437	3.0%	0.0%
T. Rowe Price Mid Cap Value Fund	\$ 937,953	2.1%	2.2%
<b>Large-Cap Stock</b>			
Vanguard Institutional Index (Plus Shares)	\$ 4,299,585	9.5%	10.4%
Neuberger Berman Partners (Inv. Class)	\$ 1,193,830	2.6%	3.5%
Goldman Sachs Large Cap Value Fd. (Inst. Class)	\$ 1,440,737	3.2%	3.3%
Vanguard Value Index Fund (Instl. Class)	\$ 206,415	0.5%	0.5%
The Growth Fund of America(R) - (Class R6)	\$ 1,765,146	3.9%	4.5%
Parnassus Equity Income Fund (Inst. Class)	\$ 177,833	0.4%	0.0%
<b>Balanced</b>			
Fidelity Puritan Fund	\$ 2,244,987	5.0%	5.4%
<b>Bonds</b>			
PIMCO Total Return Fund	\$ 2,503,463	5.5%	6.2%
Vanguard(R) Total Bond Market Index Fund (Signal)	\$ 274,152	0.6%	0.0%
<b>Fixed Account/Cash</b>			
Investment Contract Pool	\$ 13,731,963	30.3%	28.4%
Nationwide Fixed Account	\$ 77,645	0.2%	0.1%
Vanguard Money Market Fund	\$ 116,368	0.3%	0.4%
<b>Total</b>	<b>\$ 45,268,384</b>	<b>100.0%</b>	<b>100.0%</b>

\* Life insurance contributions for 1Q12 were \$7,021.56.

# Mutual Fund Reimbursements

## 1st Quarter 2012

	457	401(k)	403(b)	401(a)	Total
Fidelity Puritan Fund	\$ 57,185	\$ 51,765	\$ 4,633	\$ 7,164	\$ 120,747
Goldman Sachs Large Cap Value Fund (Inst)	19,882	16,187	1,740	2,529	40,339
Neuberger Berman Partners (Inv C)	10,119	9,999	757	1,723	22,598
Vanguard Mid Cap Index Fund (Inst Plus)	0	2	0	0	2
Parnassus Equity Income Fund (Inst)	297	269	25	10	601
T. Rowe Price Mid Cap Value Fund	8,605	9,694	452	835	19,586
T. Rowe Price Small Cap Stock Fund	19,146	25,053	1,136	3,238	48,572
T. Rowe Price Retirement 2005 Fund	1,440	1,573	413	74	3,500
T. Rowe Price Retirement 2010 Fund	4,190	5,432	348	424	10,394
T. Rowe Price Retirement 2015 Fund	8,410	11,740	563	1,104	21,816
T. Rowe Price Retirement 2020 Fund	10,320	16,189	362	1,665	28,536
T. Rowe Price Retirement 2025 Fund	6,724	11,042	241	1,335	19,341
T. Rowe Price Retirement 2030 Fund	6,450	7,874	210	1,193	15,728
T. Rowe Price Retirement 2035 Fund	3,732	4,111	50	783	8,675
T. Rowe Price Retirement 2040 Fund	3,097	2,855	38	593	6,582
T. Rowe Price Retirement 2045 Fund	1,603	1,156	16	320	3,094
T. Rowe Price Retirement 2050 Fund	963	362	2	130	1,457
T. Rowe Price Retirement 2055 Fund	216	361	0	24	602
T. Rowe Price Retirement Income Fund	1,766	1,446	120	96	3,429
Totals	\$164,143	\$177,111	\$11,107	\$ 23,239	\$ 375,600
1Q11	\$129,306	\$167,457	\$12,413	\$ 23,917	\$ 333,092
1Q10	\$145,976	\$142,880	\$12,359	\$ 21,220	\$ 322,435

# Mutual Fund Reimbursements

## YTD 2012

	457	401(k)	403(b)	401(a)	Total
Fidelity Puritan Fund	\$ 57,185	\$ 51,765	\$ 4,633	\$ 7,164	\$ 120,747
Goldman Sachs Large Cap Value Fund (Inst)	19,882	16,187	1,740	2,529	40,339
Neuberger Berman Partners (Inv C)	10,119	9,999	757	1,723	22,598
Vanguard Mid Cap Index Fund (Inst Plus)	0	2	0	0	2
Parnassus Equity Income Fund (Inst)	297	269	25	10	601
T. Rowe Price Mid Cap Vaule Fund	8,605	9,694	452	835	19,586
T. Rowe Price Small Cap Stock Fund	19,146	25,053	1,136	3,238	48,572
T. Rowe Price Retirement 2005 Fund	1,440	1,573	413	74	3,500
T. Rowe Price Retirement 2010 Fund	4,190	5,432	348	424	10,394
T. Rowe Price Retirement 2015 Fund	8,410	11,740	563	1,104	21,816
T. Rowe Price Retirement 2020 Fund	10,320	16,189	362	1,665	28,536
T. Rowe Price Retirement 2025 Fund	6,724	11,042	241	1,335	19,341
T. Rowe Price Retirement 2030 Fund	6,450	7,874	210	1,193	15,728
T. Rowe Price Retirement 2035 Fund	3,732	4,111	50	783	8,675
T. Rowe Price Retirement 2040 Fund	3,097	2,855	38	593	6,582
T. Rowe Price Retirement 2045 Fund	1,603	1,156	16	320	3,094
T. Rowe Price Retirement 2050 Fund	963	362	2	130	1,457
T. Rowe Price Retirement 2055 Fund	216	361	0	24	602
T. Rowe Price Retirement Income Fund	1,766	1,446	120	96	3,429
Totals	\$ 164,143	\$177,111	\$11,107	\$ 23,239	\$ 375,600
1Q11	\$ 129,306	\$167,457	\$12,413	\$ 23,917	\$ 333,092
1Q10	\$ 145,976	\$142,880	\$12,359	\$ 21,220	\$ 322,435

# MSRP - Participant Account Activity

## 1st Quarter 2012

As of March 31, 2012 there were 65,364 accounts, a decrease of 1.48% since March 31, 2011

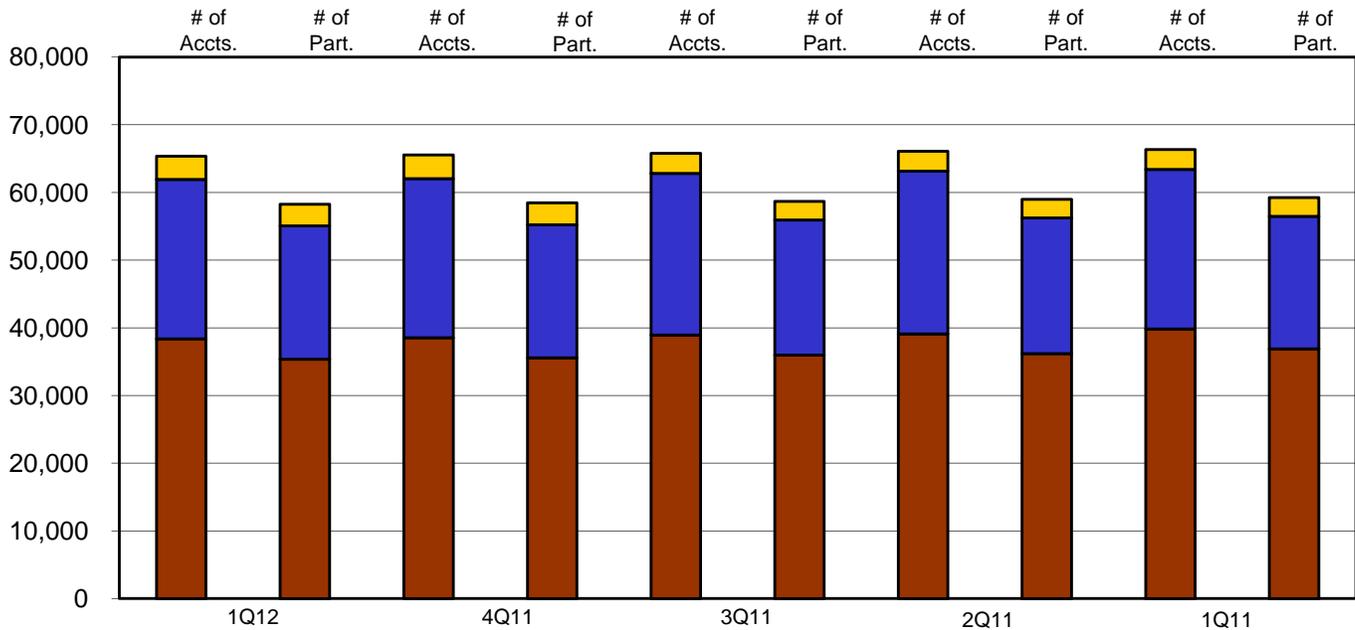
### Participant Account Activity \*

	1Q12	4Q11	3Q11	2Q11	1Q11
<b>Beginning Participants</b>	65,542	65,776	66,081	66,348	66,591
<b>New</b>	535	540	559	586	640
<b>Restart</b>	32	21	14	15	21
<b>Transfer</b>	(259)	(254)	(266)	(308)	(330)
<b>Retired/Terminated</b>	(357)	(358)	(459)	(422)	(459)
<b>Death</b>	(56)	(61)	(63)	(55)	(50)
<b>Other</b>	(73)	(122)	(90)	(83)	(65)
<b>Ending Participants</b>	65,364	65,542	65,776	66,081	66,348

\* Does not include 401(a) participant accounts.

# MSRP - Participant Breakdown

## 1st Quarter 2012



# of Accounts	1Q12	4Q11	3Q11	2Q11	1Q11
Receiving deferrals	38,380	38,537	38,947	39,105	39,844
Not receiving deferrals	23,552	23,514	23,868	24,041	23,557
In payout	3,432	3,491	2,961	2,935	2,947
<b>Total</b>	<b>65,364</b>	<b>65,542</b>	<b>65,776</b>	<b>66,081</b>	<b>66,348</b>

# of Participants	1Q12	4Q11	3Q11	2Q11	1Q11
Deferring	35,370	35,579	35,979	36,184	36,890
Not deferring	19,699	19,649	19,951	20,059	19,587
In payout	3,186	3,249	2,757	2,750	2,760
<b>Total</b>	<b>58,255</b>	<b>58,477</b>	<b>58,687</b>	<b>58,993</b>	<b>59,237</b>

1st Quarter 2012 Status	457	401(k)	403(b)	Total Accounts	Multiple Plan Accounts	Total Participants
With a balance	29,468	34,975	921	65,364	7,109	58,255
Receiving deferrals	16,479	21,506	395	38,380	3,010	35,370
Not receiving deferrals	10,701	12,411	440	23,552	3,853	19,699
In payout	2,288	1,058	86	3,432	246	3,186

NOTE: Actively deferring participants are identified as participants who have an account balance and have year-to-date deferrals greater than zero, have deferred within the quarter or deferred the annual maximum and are not receiving a systematic payout.

## MSRP - Comparison of all Distributions & Contributions 1st Quarter 2012

	Distributions	Contributions	Net Increase
1996	\$25,745,337	\$62,153,785	\$36,408,448
1997	\$39,236,714	\$68,638,692	\$29,401,978
1998	\$41,242,911	\$75,204,186	\$33,961,274
1999	\$45,379,004	\$107,306,401	\$61,927,397
2000	\$57,688,343	\$124,705,087	\$67,016,743
2001	\$55,491,298	\$135,686,519	\$80,195,222
2002	\$98,555,710	\$146,751,116	\$48,195,405
2003	\$94,124,778	\$145,474,452	\$51,349,674
2004	\$112,732,182	\$146,001,716	\$33,269,534
2005	\$120,372,102	\$162,906,168	\$42,534,066
2006	\$143,428,053	\$179,642,785	\$36,214,732
2007	\$166,637,959	\$191,162,174	\$24,524,215
2008	\$168,429,548	\$191,931,305	\$23,501,756
2009	\$140,088,113	\$169,981,806	\$29,893,692
2010	\$169,097,777	\$172,335,586	\$3,237,807
2011	\$188,073,114	\$166,871,095	(\$21,202,019)
<b>1Q11</b>	<b>\$50,289,414</b>	<b>\$43,010,705</b>	<b>(\$7,278,709)</b>

2012	Distributions	Contributions	Net Increase
January	\$14,652,989	\$13,704,506	(\$948,483)
February	\$12,703,875	\$17,568,729	\$4,864,853
March	\$16,037,121	\$13,995,149	(\$2,041,972)
<b>1Q12</b>	<b>\$43,393,985</b>	<b>\$45,268,384</b>	<b>\$1,874,398</b>
<b>YTD TOTAL:</b>	<b>\$43,393,985</b>	<b>\$45,268,384</b>	<b>\$1,874,398</b>

457 Plan

# 457 Financial Activity

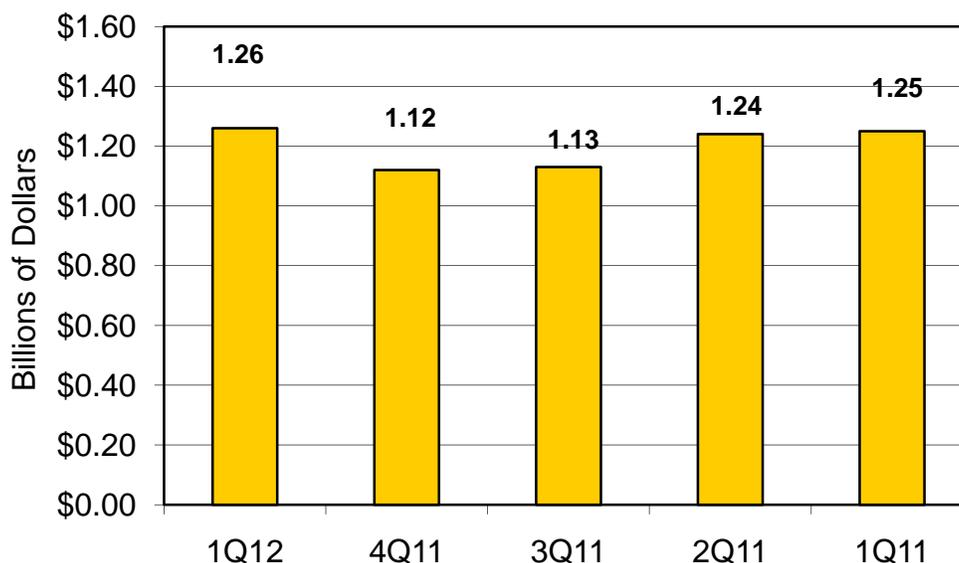
## 1st Quarter 2012

Summary of 457 financial transactions and the resultant effect on Plan assets (unaudited)

	2012		2011	
Beginning Asset Balance - January 1	\$	1,181,175,954	\$	1,213,999,781
Contributions				
Deferrals	\$	14,177,520	\$	14,697,886
Rollovers/Transfers In	\$	924,824	\$	716,703
Other Contributions	\$	2,466,174	\$	2,394,225
<b>Total</b>	\$	<b>17,568,517</b>	\$	<b>17,808,814</b>
Withdrawals				
Rollovers/Transfers Out	\$	(7,958,943)	\$	(12,712,027)
Other Withdrawals	\$	(13,339,962)	\$	(13,438,245)
<b>Total</b>	\$	<b>(21,298,905)</b>	\$	<b>(26,150,271)</b>
Fees	\$	(633,677)	\$	(631,167)
Investment Performance	\$	78,239,218	\$	41,264,612
Ending Asset Balance - March 31	\$	<b>1,255,051,107</b>	\$	<b>1,246,291,768</b>
Net Change		6.25%		2.66%
	\$	73,875,153	\$	32,291,987
Investment Results*		6.62%		3.40%

The above information does not include annuitized assets, or cash values held by UNUM (Commercial Life). These figures are furnished separately in quarterly financial reports.

### 457 Total Assets

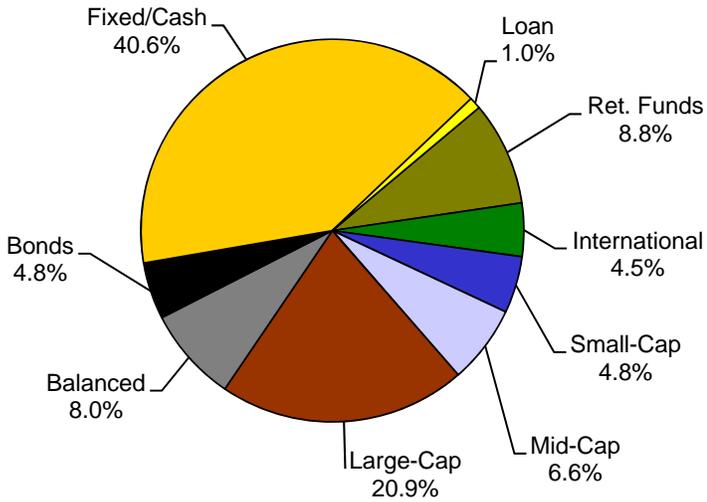


\*Estimated by adding half of the quarterly contributions to the beginning asset balance, deducting half of the quarterly withdrawals, divided into the quarterly investment performance.

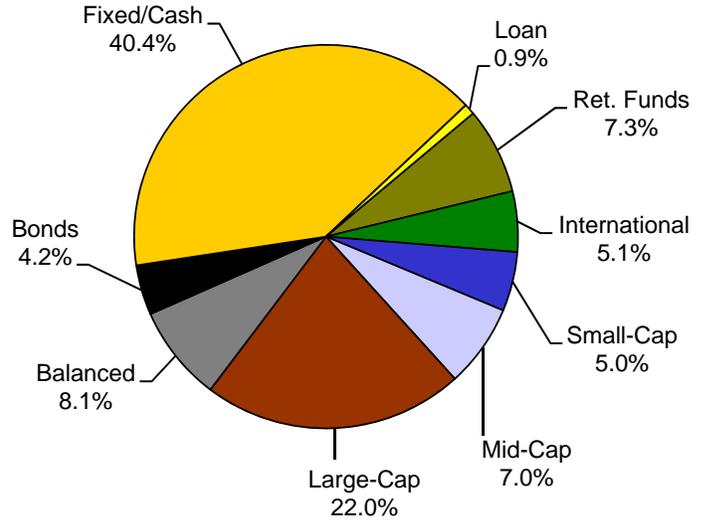
# 457 Allocation of Assets and Contributions

## 1st Quarter 2012

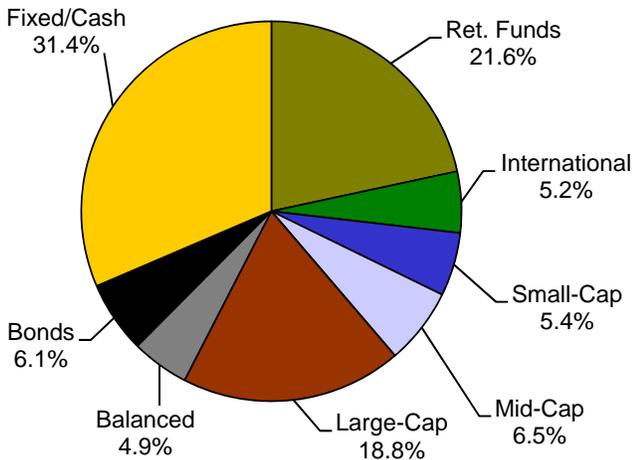
1st Quarter 2012  
Asset Allocation



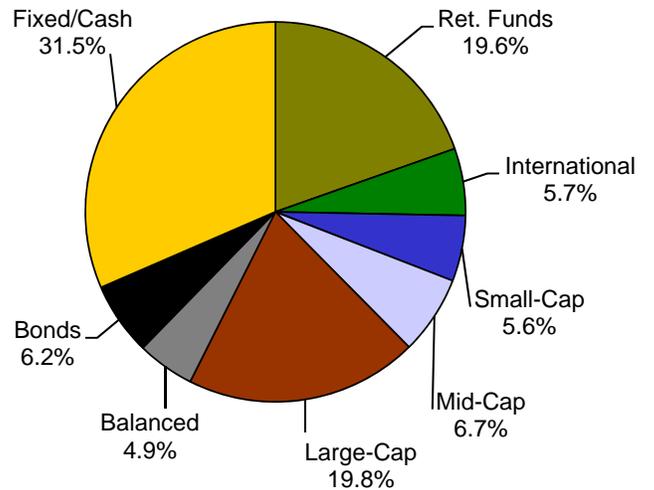
1st Quarter 2011  
Asset Allocation



1st Quarter 2012  
Contribution Allocation



1st Quarter 2011  
Contribution Allocation



NOTE: Due to rounding, percentages may not total 100%.

# 457 Allocation of Assets

## 1st Quarter 2012

	Assets for 1st Quarter 2012	Assets for 1st Quarter 2012 % of Total	Assets for 1st Quarter 2011 % of Total
<b>Retirement Funds</b>			
T. Rowe Price Retirement 2005 Fund	\$ 3,068,332	0.2%	0.2%
T. Rowe Price Retirement 2010 Fund	\$ 9,067,446	0.7%	0.7%
T. Rowe Price Retirement 2015 Fund	\$ 18,802,417	1.5%	1.2%
T. Rowe Price Retirement 2020 Fund	\$ 23,020,270	1.8%	1.5%
T. Rowe Price Retirement 2025 Fund	\$ 15,559,137	1.2%	1.0%
T. Rowe Price Retirement 2030 Fund	\$ 14,812,973	1.2%	0.9%
T. Rowe Price Retirement 2035 Fund	\$ 8,721,422	0.7%	0.6%
T. Rowe Price Retirement 2040 Fund	\$ 7,190,995	0.6%	0.4%
T. Rowe Price Retirement 2045 Fund	\$ 3,818,111	0.3%	0.2%
T. Rowe Price Retirement 2050 Fund	\$ 2,363,660	0.2%	0.1%
T. Rowe Price Retirement 2055 Fund	\$ 532,497	0.0%	0.0%
T. Rowe Price Retirement Income Fund	\$ 3,834,174	0.3%	0.3%
<b>Sub Total</b>	<b>\$ 110,791,434</b>	<b>8.8%</b>	<b>7.1%</b>
<b>International Stock</b>			
EuroPacific Growth Fund(R) - Class R6	\$ 49,821,955	4.0%	4.6%
Vanguard Total Intl. Stock Index Fund (Inst. Shares)	\$ 6,285,406	0.5%	0.5%
<b>Small-Cap Stock</b>			
T. Rowe Price Small Cap Stock Fund	\$ 41,875,144	3.3%	3.5%
Vanguard Small Cap Growth Index (Inst. Class)	\$ 14,508,057	1.2%	1.2%
Vanguard Small Cap Value Index (Inst. Class)	\$ 3,737,229	0.3%	0.3%
<b>Mid-Cap Stock</b>			
Morgan Stanley Trust Fund (Inst. Class)	\$ 13,370,921	1.1%	1.1%
Vanguard Mid Cap Index Fund (Inst. Plus Class)	\$ 50,451,325	4.0%	4.2%
T. Rowe Price Mid Cap Value Fund	\$ 18,638,242	1.5%	1.7%
<b>Large-Cap Stock</b>			
The Growth Fund of America(R) - (Class R6)	\$ 40,838,558	3.3%	3.4%
Vanguard Institutional Index (Plus Shares)	\$ 112,739,857	9.0%	8.8%
Neuberger Berman Partners (Inv. Class)	\$ 42,581,621	3.4%	4.1%
Goldman Sachs Large Cap Value Fd. (Inst. Class)	\$ 59,891,487	4.8%	5.3%
Vanguard Value Index Fund (Inst. Class)	\$ 4,066,605	0.3%	0.3%
Parnassus Equity Income Fund (Inst. Class)	\$ 2,469,505	0.2%	0.0%
<b>Balanced</b>			
Fidelity Puritan Fund	\$ 100,973,097	8.0%	8.1%
<b>Bonds</b>			
PIMCO Total Return Fund	\$ 54,942,788	4.4%	4.2%
Vanguard(R) Total Bond Market Index Fund (Signal)	\$ 4,675,163	0.4%	0.0%
<b>Fixed Account/Cash</b>			
Investment Contract Pool	\$ 430,298,194	34.3%	33.7%
Nationwide Fixed Account	\$ 79,379,761	6.3%	6.8%
Vanguard Money Market Fund	\$ -	0.0%	0.0%
<b>Loan</b>			
Loan	\$ 12,714,756	1.0%	0.9%
<b>Total</b>	<b>\$ 1,255,051,107</b>	<b>100.0%</b>	<b>100.0%</b>

# 457 Allocation of Contributions\*

## 1st Quarter 2012

	Contributions for 1st Quarter 2012	Contributions for 1st Quarter 2012 % of Total	Contributions for 1st Quarter 2011 % of Total
<b>Retirement Funds</b>			
T. Rowe Price Retirement 2005 Fund	\$ 92,120	0.5%	0.2%
T. Rowe Price Retirement 2010 Fund	\$ 132,411	0.8%	0.8%
T. Rowe Price Retirement 2015 Fund	\$ 430,159	2.4%	1.8%
T. Rowe Price Retirement 2020 Fund	\$ 614,078	3.5%	3.6%
T. Rowe Price Retirement 2025 Fund	\$ 513,151	2.9%	3.3%
T. Rowe Price Retirement 2030 Fund	\$ 689,669	3.9%	3.2%
T. Rowe Price Retirement 2035 Fund	\$ 397,074	2.3%	2.5%
T. Rowe Price Retirement 2040 Fund	\$ 365,890	2.1%	1.8%
T. Rowe Price Retirement 2045 Fund	\$ 289,951	1.7%	1.3%
T. Rowe Price Retirement 2050 Fund	\$ 184,863	1.1%	0.8%
T. Rowe Price Retirement 2055 Fund	\$ 67,276	0.4%	0.2%
T. Rowe Price Retirement Income Fund	\$ 25,539	0.1%	0.2%
<b>Sub Total</b>	<b>\$ 3,802,180</b>	<b>21.6%</b>	<b>19.7%</b>
<b>International Stock</b>			
Vanguard Total Intl. Stock Index Fund (Inv. Shares)	\$ -	0.0%	0.4%
EuroPacific Growth Fund(R) - (ClassR6)	\$ 783,326	4.5%	4.9%
Vanguard Total Intl. Stock Index Fund (Inst Shares)	\$ 130,427	0.7%	0.4%
<b>Small-Cap Stock</b>			
T. Rowe Price Small Cap Stock Fund	\$ 632,301	3.6%	3.7%
Vanguard Small Cap Growth Index (Inst. Class)	\$ 240,988	1.4%	1.3%
Vanguard Small Cap Value Index (Inst. Class)	\$ 83,643	0.5%	0.5%
<b>Mid-Cap Stock</b>			
Morgan Stanley Fund Trust (Inst. Class)	\$ 226,514	1.3%	1.2%
Vanguard Mid Cap Index Fund (Inst. Class)	\$ -	0.0%	3.1%
Vanguard Mid Cap Index Fund (Inst. Plus Class)	\$ 515,073	2.9%	0.0%
T. Rowe Price Mid Cap Value Fund	\$ 405,831	2.3%	2.4%
<b>Large-Cap Stock</b>			
Vanguard Institutional Index (Plus Shares)	\$ 1,392,622	7.9%	8.6%
Neuberger Berman Partners (Inv. Class)	\$ 457,544	2.6%	3.3%
Goldman Sachs Large Cap Value Fd. (Inst. Class)	\$ 641,251	3.7%	3.5%
Vanguard Value Index Fund (Inst. Class)	\$ 93,392	0.5%	0.5%
The Growth Fund of America(R) - (Class R6)	\$ 653,940	3.7%	3.8%
Parnassus Equity Income Fund (Inst. Class)	\$ 59,828	0.3%	0.1%
<b>Balanced</b>			
Fidelity Puritan Fund	\$ 855,735	4.9%	4.9%
<b>Bonds</b>			
PIMCO Total Return Fund	\$ 975,911	5.6%	6.2%
Vanguard(R) Total Bond Market Index Fund (Signal)	\$ 100,447	0.6%	0.0%
<b>Fixed Account/Cash</b>			
Investment Contract Pool	\$ 5,439,919	31.0%	31.2%
Nationwide Fixed Account	\$ 77,645	0.4%	0.3%
Vanguard Money Market Fund	\$ -	0.0%	0.0%
<b>Total</b>	<b>\$ 17,568,517</b>	<b>100.0%</b>	<b>100.0%</b>

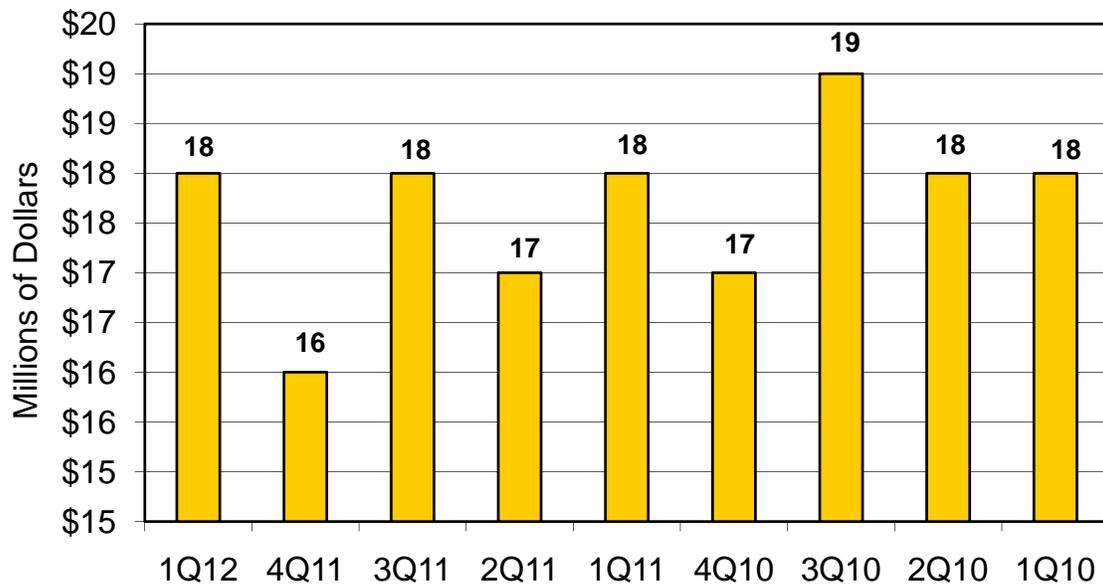
\* Life insurance contributions for 1Q12 were \$7,021.56.

# 457 Total Contributions

## 1st Quarter 2012

Total contributions for 1st Quarter '12 decreased 1.35% from the amount contributed during the 1st Quarter '11.

### 457 Contributions by Quarter



# MSRP - Participant Account Activity

## 1st Quarter 2012

As of March 31, 2012 there were 29,468 participants, a decrease of 1.02% over the past 12 months.

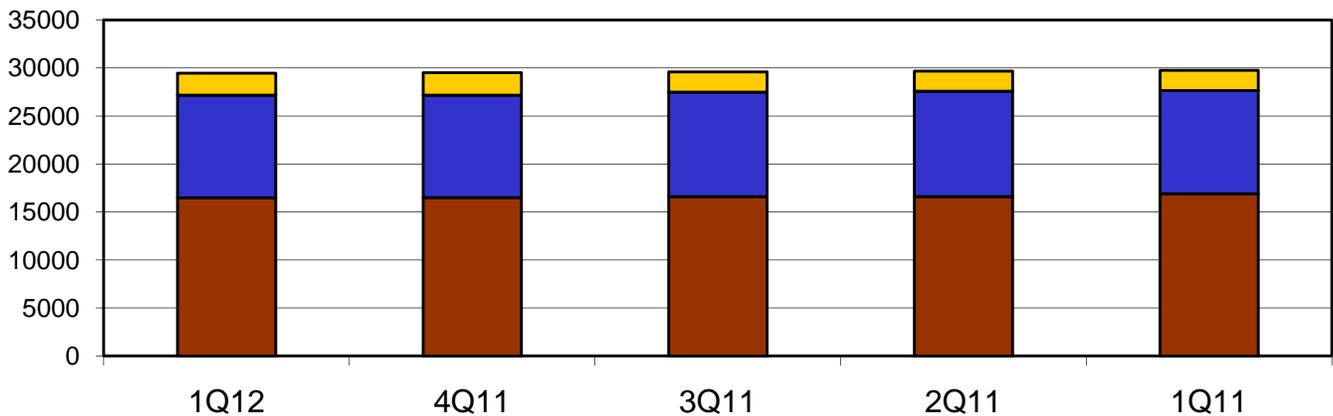
### Participant Account Activity

	1Q12	4Q11	3Q11	2Q11	1Q11
<b>Beginning Participants</b>	29,512	29,596	29,684	29,771	29,803
<b>New</b>	291	297	305	317	378
<b>Restart</b>	14	8	5	5	11
<b>Transfer</b>	(106)	(109)	(102)	(140)	(137)
<b>Retired/Terminated</b>	(163)	(154)	(199)	(187)	(213)
<b>Death</b>	(29)	(34)	(29)	(25)	(25)
<b>Other</b>	(51)	(92)	(68)	(57)	(46)
<b>Ending Participants</b>	29,468	29,512	29,596	29,684	29,771

# 457 Participant Breakdown

## 1st Quarter 2012

### # of Accounts



# of Participants	1Q12	4Q11	3Q11	2Q11	1Q11
Deferring	16,479	16,501	16,605	16,608	16,893
Not deferring	10,701	10,669	10,891	10,977	10,759
In payout	2,288	2,342	2,100	2,099	2,119
<b>Total</b>	<b>29,468</b>	<b>29,512</b>	<b>29,596</b>	<b>29,684</b>	<b>29,771</b>

NOTE: Actively deferring participants are identified as participants who have an account balance and have year-to-date deferrals greater than zero, have deferred within the quarter or deferred the annual maximum and are not receiving a systematic payout.

## 457 Comparison of all Distributions & Contributions 1st Quarter 2012

	Distributions	Contributions	Net Increase
1996	\$22,765,731	\$38,006,701	\$15,240,970
1997	\$33,187,631	\$38,268,152	\$5,080,521
1998	\$33,887,217	\$35,621,780	\$1,734,563
1999	\$36,050,309	\$34,119,023	(\$1,931,286)
2000	\$44,005,334	\$33,544,679	(\$10,460,656)
2001	\$42,249,070	\$34,636,056	(\$7,613,014)
2002	\$80,988,736	\$45,122,489	(\$35,866,248)
2003	\$61,819,031	\$53,161,774	(\$8,657,257)
2004	\$74,387,167	\$56,391,124	(\$17,996,043)
2005	\$72,432,491	\$59,598,595	(\$12,833,896)
2006	\$84,442,398	\$67,339,430	(\$17,102,968)
2007	\$94,350,329	\$69,495,895	\$25,304,436
2008	\$94,297,916	\$69,198,640	(\$25,099,276)
2009	\$73,512,296	\$69,597,868	(\$3,914,429)
2010	\$84,281,534	\$71,136,306	(\$13,145,229)
2011	\$95,306,464	\$68,663,856	(\$26,642,608)
<b>1Q11</b>	<b>\$26,150,271</b>	<b>\$17,808,814</b>	<b>(\$8,341,457)</b>

2012	Distributions	Contributions	Net Increase
January	\$6,702,618	\$5,161,811	(\$1,540,807)
February	\$6,886,272	\$7,275,919	\$389,647
March	\$7,710,015	\$5,130,788	(\$2,579,228)
<b>1Q12</b>	<b>\$21,298,905</b>	<b>\$17,568,517</b>	<b>(\$3,730,388)</b>
<b>YTD TOTAL:</b>	<b>\$21,298,905</b>	<b>\$17,568,517</b>	<b>(\$3,730,388)</b>

# 457 Financial Hardship Requests

## 1st Quarter 2012

### Status of Requests

	Totals	Under \$10,000	Over \$10,000
Approved	14	14	0
Modified Approved	2	2	0
Denied	0	0	0
Pending	1	1	0
Cancelled	0	0	0
<b>457 Totals</b>	<b>17</b>	<b>17</b>	<b>0</b>

### Approved by Category

	Totals	Under \$10,000	Over \$10,000
Accident or Illness	0	0	0
Adoption	0	0	0
Auto Repair	0	0	0
Bankruptcy	0	0	0
Car Repossession	2	2	0
Child Support	0	0	0
Divorce/Separation	0	0	0
Flood/Home Repairs	1	1	0
Foreclosure/Eviction	7	7	0
Funeral	0	0	0
Involuntary Loss of Income	0	0	0
Legal Proceedings	1	1	0
Medical/Dental	2	2	0
Moving Expenses	0	0	0
Utility Disconnection	3	3	0
<b>Total 457 Approved</b>	<b>16</b>	<b>16</b>	<b>0</b>

# 401(k) Plan

# 401(k) Financial Activity

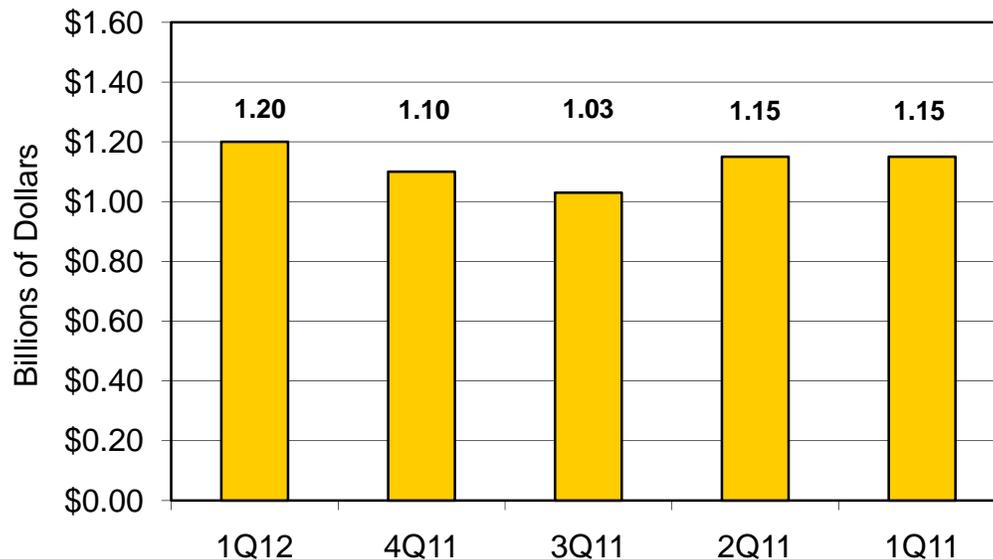
## 1st Quarter 2012

Summary of 401(k) financial transactions and the resultant effect on Plan assets (unaudited)

	2012		2011	
Beginning Asset Balance - January 1	\$	1,098,305,956	\$	1,096,756,237
Contributions				
Deferrals	\$	18,888,494	\$	19,756,385
Rollovers/Transfers In	\$	4,615,970	\$	1,750,466
Other Contributions	\$	3,199,259	\$	2,870,412
<b>Total</b>	\$	<b>26,703,723</b>	\$	<b>24,377,263</b>
Withdrawals				
Rollover/Transfers Out	\$	(8,266,381)	\$	(9,242,647)
Other Withdrawals	\$	(10,457,575)	\$	(11,403,406)
<b>Total</b>	\$	<b>(18,723,957)</b>	\$	<b>(20,646,053)</b>
Fees	\$	(610,518)	\$	(599,442)
Investment Performance	\$	89,651,579	\$	45,863,731
Ending Asset Balance - March 31	\$	<b>1,195,326,783</b>	\$	<b>1,145,751,736</b>
Net Change		8.83%		4.47%
	\$	97,020,827	\$	48,995,499
Investment Results*		8.13%		4.17%

The above information does not include annuitized assets, or cash values held by UNUM (Commercial Life). These figures are furnished separately in quarterly financial reports.

### 401(k) Total Assets

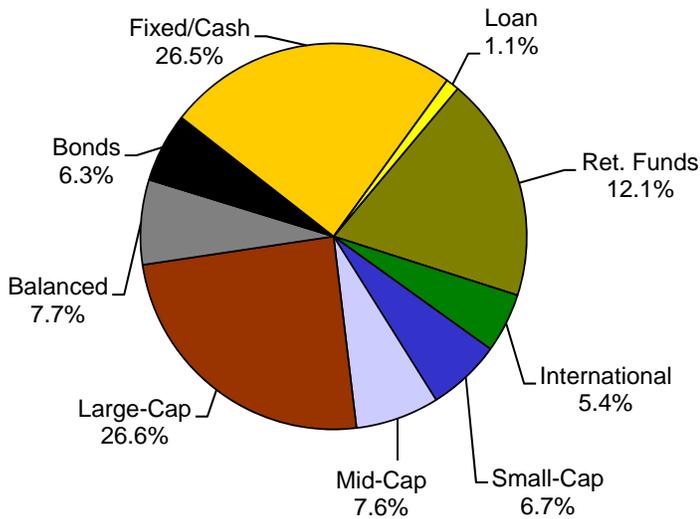


\*Estimated by adding half of the quarterly contributions to the beginning asset balance, deducting half of the quarterly withdrawals, divided into the quarterly investment performance.

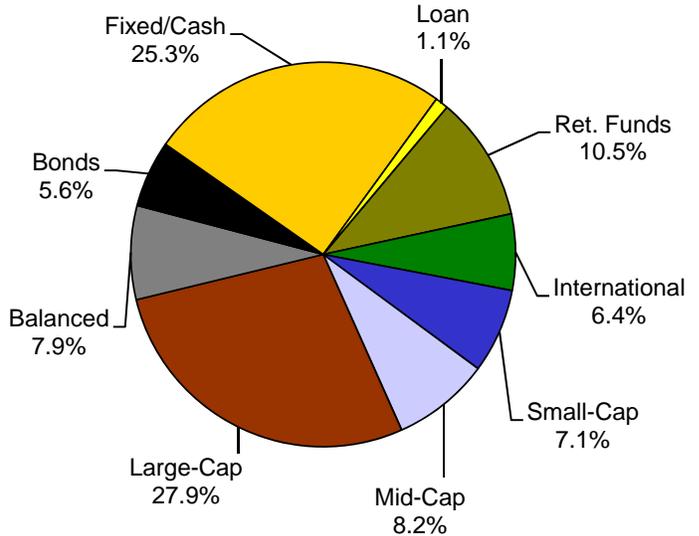
# 401(k) Allocation of Assets and Contributions

## 1st Quarter 2012

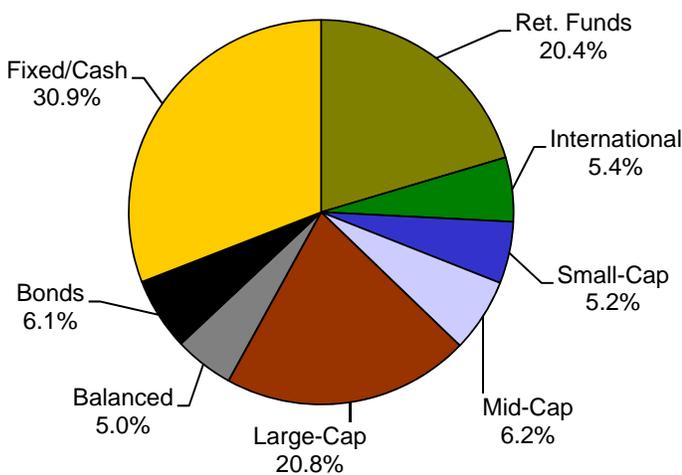
1st Quarter 2012  
Asset Allocation



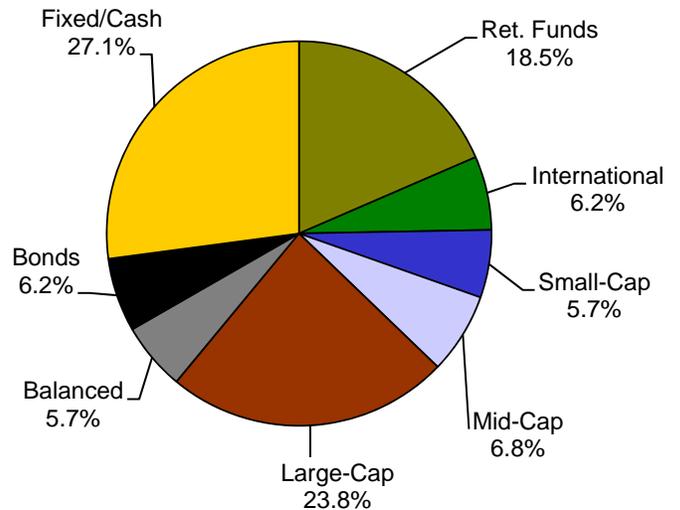
1st Quarter 2011  
Asset Allocation



1st Quarter 2012  
Contribution Allocation



1st Quarter 2011  
Contribution Allocation



NOTE: Due to rounding, percentages may not total 100%.

# 401(k) Allocation of Assets

## 1st Quarter 2012

	Assets for 1st Quarter 2012	Assets for 1st Quarter 2012 % of Total	Assets for 1st Quarter 2011 % of Total
<b>Retirement Funds</b>			
T. Rowe Price Retirement 2005 Fund	\$ 2,830,095	0.2%	0.3%
T. Rowe Price Retirement 2010 Fund	\$ 11,701,714	1.0%	1.0%
T. Rowe Price Retirement 2015 Fund	\$ 26,614,844	2.2%	1.9%
T. Rowe Price Retirement 2020 Fund	\$ 36,163,655	3.0%	2.6%
T. Rowe Price Retirement 2025 Fund	\$ 25,751,368	2.2%	1.8%
T. Rowe Price Retirement 2030 Fund	\$ 17,799,830	1.5%	1.2%
T. Rowe Price Retirement 2035 Fund	\$ 9,618,626	0.8%	0.7%
T. Rowe Price Retirement 2040 Fund	\$ 6,501,642	0.5%	0.5%
T. Rowe Price Retirement 2045 Fund	\$ 2,698,598	0.2%	0.2%
T. Rowe Price Retirement 2050 Fund	\$ 859,084	0.1%	0.1%
T. Rowe Price Retirement 2055 Fund	\$ 858,193	0.1%	0.1%
T. Rowe Price Retirement Income Fund	\$ 3,318,431	0.3%	0.2%
<b>Sub Total</b>	<b>\$ 144,716,080</b>	<b>12.1%</b>	<b>10.6%</b>
<b>International Stock</b>			
EuroPacific Growth Fund(R) - (Class R6)	\$ 58,847,374	4.9%	5.9%
Vanguard Total Intl. Stock Index Fund (Inst. Shares)	\$ 5,863,239	0.5%	0.5%
<b>Small-Cap Stock</b>			
T. Rowe Price Small Cap Stock Fund	\$ 54,958,165	4.6%	4.8%
Vanguard Small Cap Growth Index (Inst. Class)	\$ 21,197,210	1.8%	1.9%
Vanguard Small Cap Value Index (Inst. Class)	\$ 4,103,381	0.3%	0.4%
<b>Mid-Cap Stock</b>			
Morgan Stanley Fund Trust (Inst. Class)	\$ 14,555,096	1.2%	1.4%
Vanguard Mid Cap Index Fund (Inst. Plus Class)	\$ 55,063,332	4.6%	4.9%
T. Rowe Price Mid Cap Value Fund	\$ 21,035,279	1.8%	2.0%
<b>Large-Cap Stock</b>			
The Growth Fund of America(R) - (Class R6)	\$ 56,683,425	4.7%	5.0%
Vanguard Institutional Index (Plus Shares)	\$ 162,055,164	13.6%	13.6%
Neuberger Berman Partners (Inv. Class)	\$ 42,899,133	3.6%	4.3%
Goldman Sachs Large Cap Value Fd. (Inst. Class)	\$ 48,949,495	4.1%	4.6%
Vanguard Value Index Fund (Inst. Class)	\$ 3,780,613	0.3%	0.3%
Parnassus Equity Income Fund (Inst. Class)	\$ 3,017,842	0.3%	0.0%
<b>Balanced</b>			
Fidelity Puritan Fund	\$ 91,632,809	7.7%	7.9%
<b>Bonds</b>			
PIMCO Total Return Fund	\$ 69,702,099	5.8%	5.6%
Vanguard(R) Total Bond Market Index Fund (Signal)	\$ 5,437,943	0.5%	0.0%
<b>Fixed Account/Cash</b>			
Investment Contract Pool	\$ 316,786,146	26.5%	25.3%
Nationwide Fixed Account	\$ -	0.0%	0.0%
Vanguard Money Market Fund	\$ -	0.0%	0.0%
<b>Loan</b>			
Loan	\$ 14,042,959	1.2%	1.1%
<b>Total</b>	<b>\$ 1,195,326,783</b>	<b>100.0%</b>	<b>100.0%</b>

# 401(k) Allocation of Contributions

## 1st Quarter 2012

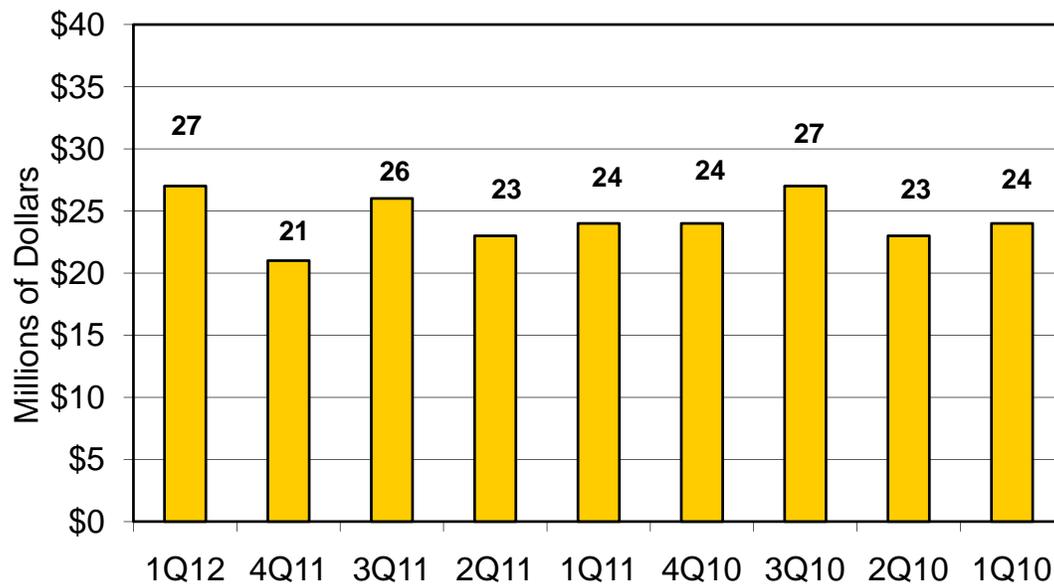
	Contributions for 1st Quarter 2012	Contributions for 1st Quarter 2012 % of Total	Contributions for 1st Quarter 2011 % of Total
<b>Retirement Funds</b>			
T. Rowe Price Retirement 2005 Fund	\$ 47,849	0.2%	0.4%
T. Rowe Price Retirement 2010 Fund	\$ 343,902	1.3%	1.1%
T. Rowe Price Retirement 2015 Fund	\$ 908,889	3.4%	3.6%
T. Rowe Price Retirement 2020 Fund	\$ 1,248,339	4.7%	4.5%
T. Rowe Price Retirement 2025 Fund	\$ 1,010,316	3.8%	3.2%
T. Rowe Price Retirement 2030 Fund	\$ 712,076	2.7%	2.2%
T. Rowe Price Retirement 2035 Fund	\$ 496,192	1.9%	1.5%
T. Rowe Price Retirement 2040 Fund	\$ 313,173	1.2%	0.9%
T. Rowe Price Retirement 2045 Fund	\$ 208,079	0.8%	0.6%
T. Rowe Price Retirement 2050 Fund	\$ 63,925	0.2%	0.2%
T. Rowe Price Retirement 2055 Fund	\$ 35,718	0.1%	0.1%
T. Rowe Price Retirement Income Fund	\$ 69,242	0.1%	0.1%
<b>Sub Total</b>	<b>\$ 5,457,699</b>	<b>20.3%</b>	<b>18.4%</b>
<b>International Stock</b>			
Vanguard Total Intl. Stock Index Fund (Inv. Shares)	\$ -	0.0%	0.3%
EuroPacific Growth Fund(R) - (Class R6)	\$ 1,257,590	4.7%	5.2%
Vanguard Total Intl. Stock Index (Instl. Shares)	\$ 178,370	0.7%	0.6%
<b>Small-Cap Stock</b>			
T. Rowe Price Small Cap Stock Fund	\$ 869,398	3.3%	3.7%
Vanguard Small Cap Growth Index (Inst. Class)	\$ 383,713	1.4%	1.5%
Vanguard Small Cap Value Index (Inst. Class)	\$ 129,748	0.5%	0.5%
<b>Mid-Cap Stock</b>			
Morgan Stanley Fund Trust (Inst. Class)	\$ 359,881	1.3%	1.2%
Vanguard Mid Cap Index Fund (Inst. Plus Class)	\$ 782,263	2.9%	3.6%
T. Rowe Price Mid Cap Value Fund	\$ 515,878	1.9%	2.0%
<b>Large-Cap Stock</b>			
Vanguard Institutional Index (Plus Shares)	\$ 2,803,075	10.5%	11.6%
Neuberger Berman Partners (Inv. Class)	\$ 704,156	2.6%	3.6%
Goldman Sachs Large Cap Value Fd. (Instl. Class)	\$ 767,333	2.9%	3.1%
Vanguard Value Index Fund (Instl. Class)	\$ 102,856	0.4%	0.6%
The Growth Fund of America(R) - (Class R6)	\$ 1,064,979	4.0%	4.9%
Parnassus Equity Income Fund (Inst. Class)	\$ 115,192	0.4%	0.0%
<b>Balanced</b>			
Fidelity Puritan Fund	\$ 1,337,899	5.0%	5.7%
<b>Bonds</b>			
PIMCO Total Return Fund	\$ 1,458,154	5.5%	6.2%
Vanguard(R) Total Bond Market Index Fund (Signal)	\$ 165,569	0.6%	0.0%
<b>Fixed Account/Cash</b>			
Investment Contract Pool	\$ 8,249,970	30.9%	27.1%
Nationwide Fixed Account	\$ -	0.0%	0.0%
Vanguard Money Market Fund	\$ -	0.0%	0.0%
<b>Total</b>	<b>\$ 26,703,723</b>	<b>100.0%</b>	<b>100.0%</b>

# 401(k) Total Contributions

## 1st Quarter 2012

Total contributions for 1st Quarter '12 increased 9.54% from the amount contributed during the 1st Quarter '11.

### 401(k) Contributions by Quarter



# MSRP - Participant Account Activity

## 1st Quarter 2012

As of March 31, 2012, there were 34,975 participants, a decrease of 1.84% over the past 12 months.

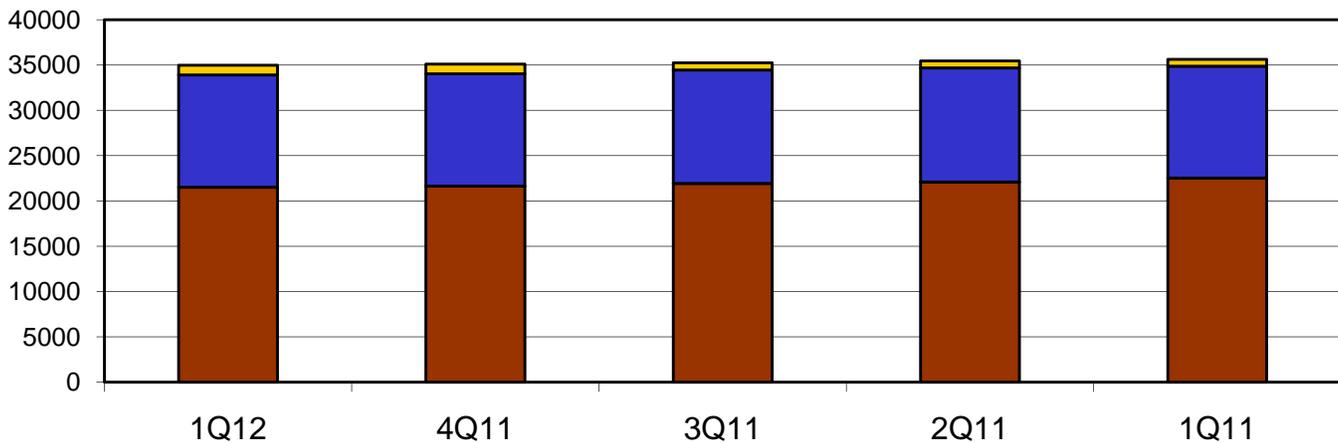
### Participant Account Activity

	1Q12	4Q11	3Q11	2Q11	1Q11
<b>Beginning Participants</b>	35,100	35,243	35,459	35,629	35,829
<b>New</b>	239	238	245	259	253
<b>Restart</b>	18	11	8	11	12
<b>Transfer</b>	(144)	(138)	(160)	(160)	(184)
<b>Retired/Terminated</b>	(192)	(198)	(256)	(231)	(244)
<b>Death</b>	(26)	(27)	(34)	(26)	(23)
<b>Other</b>	(20)	(29)	(19)	(23)	(14)
<b>Ending Participants</b>	34,975	35,100	35,243	35,459	35,629

# 401(k) Participant Breakdown

## 1st Quarter 2012

### # of Accounts



# of Participants	1Q12	4Q11	3Q11	2Q11	1Q11
Deferring	21,506	21,639	21,940	22,093	22,540
Not deferring	12,411	12,402	12,515	12,597	12,328
In payout	1,058	1,059	788	769	761
<b>Total</b>	<b>34,975</b>	<b>35,100</b>	<b>35,243</b>	<b>35,459</b>	<b>35,629</b>

NOTE: Actively deferring participants are identified as participants who have an account balance and have year-to-date deferrals greater than zero, have deferred within the quarter or deferred the annual maximum and are not receiving a systematic payout.

## 401(k) Comparison of all Distributions & Contributions 1st Quarter 2012

	Distributions	Contributions	Net Increase
1996	\$1,517,577	\$20,645,478	\$19,127,902
1997	\$3,672,136	\$26,889,764	\$23,217,628
1998	\$4,954,938	\$36,404,495	\$31,449,557
1999	\$6,738,808	\$53,817,928	\$47,079,120
2000	\$9,215,291	\$67,918,752	\$58,703,461
2001	\$10,113,215	\$77,095,036	\$66,981,821
2002	\$12,446,561	\$79,854,664	\$67,408,102
2003	\$27,252,269	\$87,018,876	\$59,766,607
2004	\$32,052,122	\$86,842,555	\$54,790,433
2005	\$40,679,976	\$88,445,685	\$47,765,709
2006	\$50,582,751	\$91,445,479	\$40,862,727
2007	\$11,418,788	\$24,395,258	\$12,976,469
2008	\$65,098,886	\$99,077,868	\$33,978,982
2009	\$58,095,467	\$93,377,375	\$35,281,908
2010	\$73,734,003	\$97,118,148	\$23,384,143
2011	\$81,216,918	\$94,878,809	\$13,661,890
<b>1Q11</b>	<b>\$20,646,053</b>	<b>\$24,377,263</b>	<b>\$3,731,210</b>

2012	Distributions	Contributions	Net Increase
January	\$6,635,380	\$8,287,799	\$1,652,418
February	\$4,757,236	\$10,014,116	\$5,256,880
March	\$7,331,340	\$8,401,809	\$1,070,469
<b>1Q12</b>	<b>\$18,723,957</b>	<b>\$26,703,723</b>	<b>\$7,979,766</b>
<b>YTD TOTAL:</b>	<b>\$18,723,957</b>	<b>\$26,703,723</b>	<b>\$7,979,766</b>

# 401(k) Financial Hardship Requests

## 1st Quarter 2012

### Status of Requests

	Totals	Under \$10,000	Over \$10,000
Approved	7	7	0
Modified Approved	6	6	0
Denied	2	2	0
Pending	0	0	0
Cancelled	0	0	0
<b>401(k) Totals</b>	<b>15</b>	<b>15</b>	<b>0</b>

### Approved by Category

	Totals	Under \$10,000	Over \$10,000
Accident or Illness	0	0	0
Auto Repair	0	0	0
Car Repossession	1	1	0
Child Support	0	0	0
Divorce/Separation	0	0	0
Educational Expenses	0	0	0
Flood/Home Repairs	0	0	0
Foreclosure/Eviction	4	4	0
Funeral	0	0	0
Garnishment	0	0	0
Involuntary Loss of Income	0	0	0
Legal Proceedings	0	0	0
Medical/Dental	0	0	0
Moving Expenses	0	0	0
Purchase of Home	0	0	0
Taxes	2	2	0
Utility Shut Off	6	6	0
<b>Total 401(k) Approved</b>	<b>13</b>	<b>13</b>	<b>0</b>

403(b) Plan

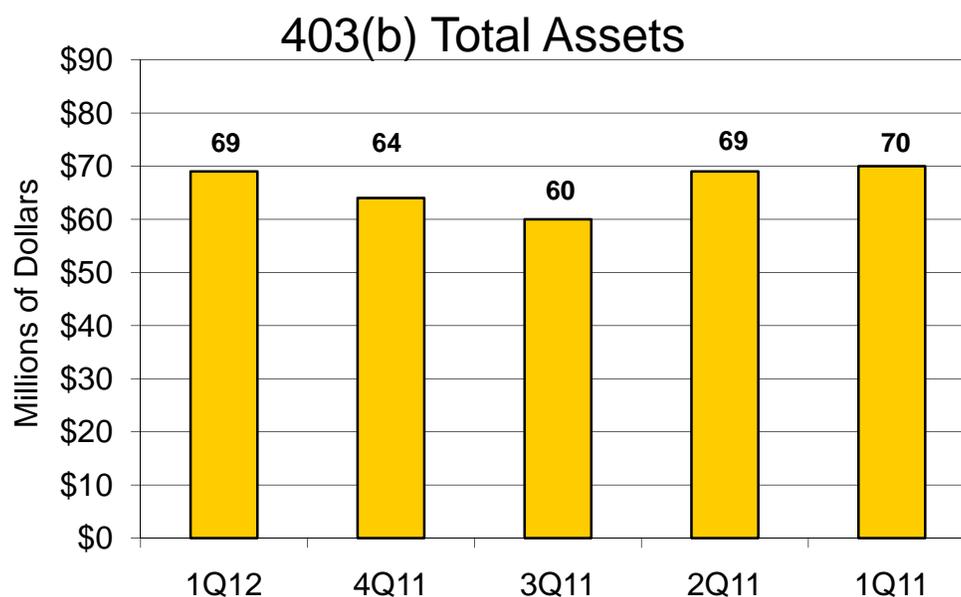
## 403(b) Financial Activity

### 1st Quarter 2012

Summary of 403(b) financial transactions and the resultant effect on Plan assets (unaudited)

		<b>2012</b>		<b>2011</b>
Beginning Asset Balance - January 1	\$	64,086,988	\$	67,104,804
<b>Contributions</b>				
Deferrals	\$	678,149	\$	662,494
Rollovers/Transfers In	\$	123,852	\$	56,302
Other Contributions	\$	34,695	\$	19,309
<b>Total</b>	<b>\$</b>	<b>836,695</b>	<b>\$</b>	<b>738,105</b>
<b>Withdrawals</b>				
Rollovers/Transfers Out	\$	(1,206,075)	\$	(1,091,898)
Other Withdrawals	\$	(584,105)	\$	(289,971)
<b>Total</b>	<b>\$</b>	<b>(1,790,180)</b>	<b>\$</b>	<b>(1,381,869)</b>
Fees	\$	(30,804)	\$	(31,497)
Investment Performance	\$	5,909,596	\$	3,091,764
Ending Asset Balance - March 31	<b>\$</b>	<b>69,012,296</b>	<b>\$</b>	<b>69,521,307</b>
Net Change		7.69%		3.60%
	\$	4,925,308	\$	2,416,502
Investment Results*		9.21%		4.59%

The above information does not include annuitized assets, or cash values held by UNUM (Commercial Life). These figures are furnished separately in quarterly financial reports.

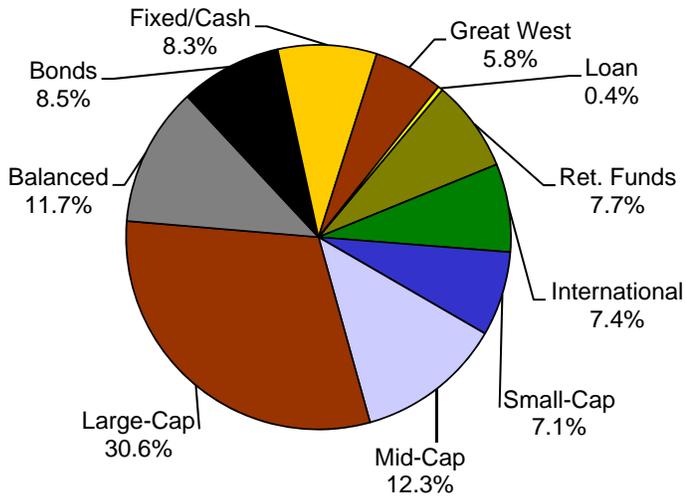


\*Estimated by adding half of the quarterly contributions to the beginning asset balance, deducting half of the quarterly withdrawals, divided into the quarterly investment performance.

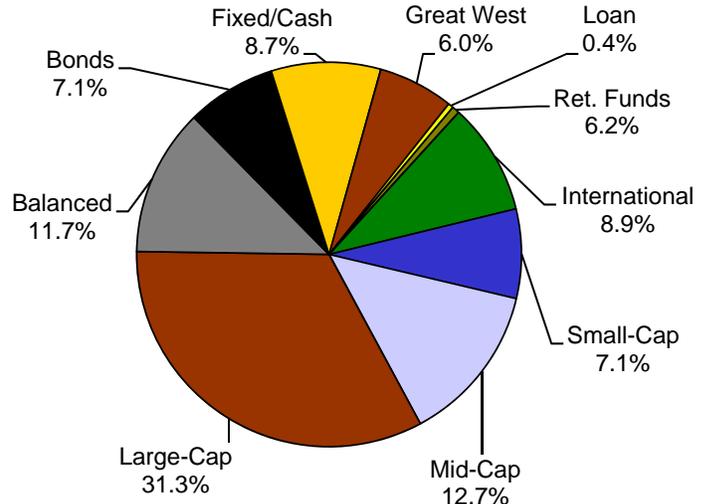
# 403(b) Allocation of Assets and Contributions

## 1st Quarter 2012

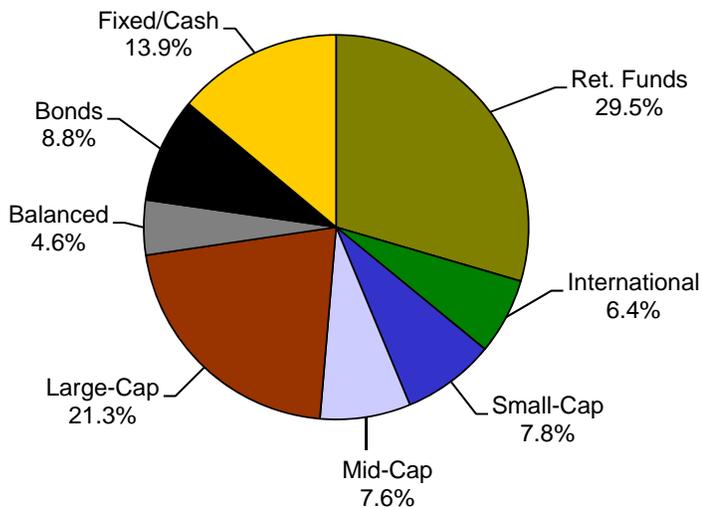
1st Quarter 2012  
Asset Allocation



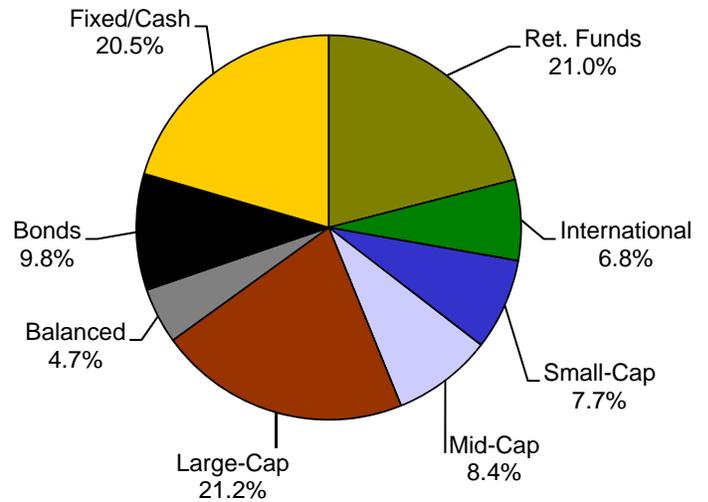
1st Quarter 2011  
Asset Allocation



1st Quarter 2012  
Contribution Allocation



1st Quarter 2011  
Contribution Allocation



NOTE: Due to rounding, percentages may not total 100%.

# 403(b) Allocation of Assets

## 1st Quarter 2012

	Assets for 1st Quarter 2012	Assets for 1st Quarter 2012 % of Total	Assets for 1st Quarter 2011 % of Total
<b>Asset Allocation</b>			
T. Rowe Price Retirement 2005 Fund	\$ 1,003,479	1.5%	0.7%
T. Rowe Price Retirement 2010 Fund	\$ 748,143	1.1%	1.0%
T. Rowe Price Retirement 2015 Fund	\$ 1,253,703	1.8%	1.3%
T. Rowe Price Retirement 2020 Fund	\$ 767,658	1.1%	1.3%
T. Rowe Price Retirement 2025 Fund	\$ 559,247	0.8%	0.6%
T. Rowe Price Retirement 2030 Fund	\$ 488,712	0.7%	0.6%
T. Rowe Price Retirement 2035 Fund	\$ 118,431	0.2%	0.1%
T. Rowe Price Retirement 2040 Fund	\$ 96,026	0.1%	0.1%
T. Rowe Price Retirement 2045 Fund	\$ 37,673	0.1%	0.0%
T. Rowe Price Retirement 2050 Fund	\$ 5,861	0.0%	0.0%
T. Rowe Price Retirement 2055 Fund	\$ 567	0.0%	0.0%
T. Rowe Price Retirement Income Fund	\$ 261,096	0.4%	0.5%
<b>Sub Total</b>	<b>\$ 5,340,597</b>	<b>7.7%</b>	<b>6.2%</b>
<b>International Stock</b>			
EuroPacific Growth Fund(R) - (Class R6)	\$ 3,997,506	5.8%	7.3%
Vanguard Total Intl. Stock Index Fund (Inst. Shares)	\$ 1,124,388	1.6%	1.6%
<b>Small-Cap Stock</b>			
T. Rowe Price Small Cap Stock Fund	\$ 2,319,802	3.4%	3.5%
Vanguard Small Cap Growth Index (Inst. Class)	\$ 1,817,342	2.6%	2.5%
Vanguard Small Cap Value Index (Inst. Class)	\$ 767,641	1.1%	1.1%
<b>Mid-Cap Stock</b>			
Morgan Stanley Fund Trust (Inst. Class)	\$ 1,253,823	1.8%	1.8%
Vanguard Mid Cap Index Fund (Inst. Class)	\$ 6,308,144	9.1%	9.4%
T. Rowe Price Mid Cap Value Fund	\$ 944,940	1.4%	1.5%
<b>Large-Cap Stock</b>			
The Growth Fund of America(R) - (Class R6)	\$ 2,897,588	4.2%	4.6%
Vanguard Institutional Index (Plus Shares)	\$ 9,530,504	13.8%	13.1%
Neuberger Berman Partners (Inv. Class)	\$ 3,245,872	4.7%	5.3%
Goldman Sachs Large Cap Value Fd. (Inst. Class)	\$ 5,091,321	7.4%	8.0%
Vanguard Value Index Fund (Inst. Class)	\$ 203,312	0.3%	0.3%
Parnassus Equity Income Fund (Inst. Class)	\$ 151,199	0.2%	0.0%
<b>Balanced</b>			
Fidelity Puritan Fund	\$ 8,071,867	11.7%	11.7%
<b>Bonds</b>			
PIMCO Total Return Fund	\$ 5,091,449	7.4%	7.1%
Vanguard(R) Total Bond Market Index Fund (Signal)	\$ 789,289	1.1%	0.0%
<b>Fixed Account/Cash</b>			
Investment Contract Pool	\$ -	0.0%	0.0%
Nationwide Fixed Account	\$ -	0.0%	0.0%
Vanguard Money Market Fund	\$ 5,750,000	8.3%	8.7%
<b>Third Party Administrator</b>			
Great West	\$ 4,031,330	5.8%	6.0%
<b>Loan</b>			
Loan	\$ 284,382	0.4%	0.4%
<b>Total</b>	<b>\$ 69,012,296</b>	<b>100.0%</b>	<b>100.0%</b>

# 403(b) Allocation of Contributions

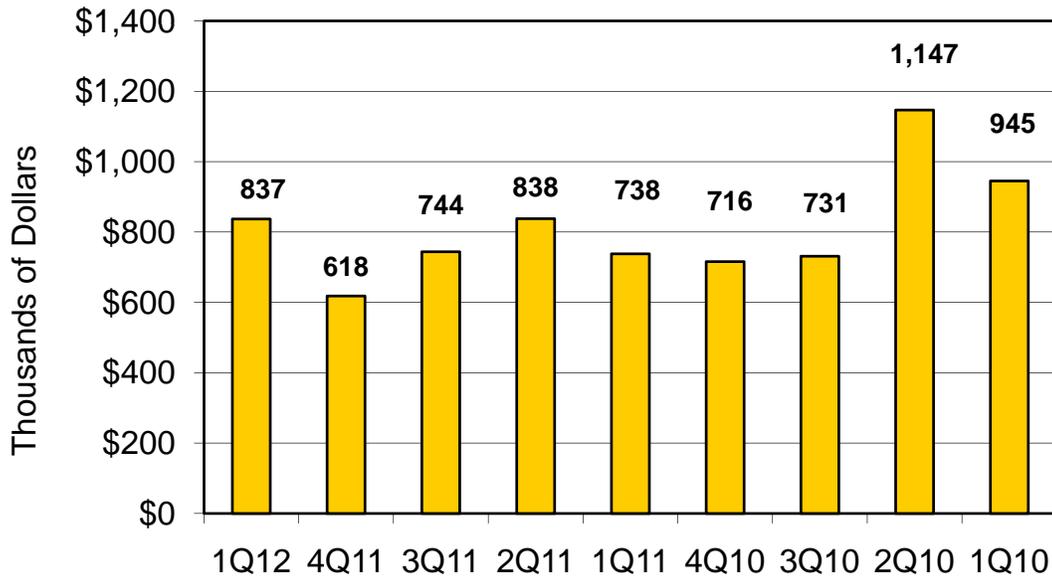
## 1st Quarter 2012

	Contributions for 1st Quarter 2012	Contributions for 1st Quarter 2012 % of Total	Contributions for 1st Quarter 2011 % of Total
<b>Asset Allocation</b>			
T. Rowe Price Retirement 2005 Fund	\$ 124,777	14.9%	0.4%
T. Rowe Price Retirement 2010 Fund	\$ 14,030	1.7%	4.4%
T. Rowe Price Retirement 2015 Fund	\$ 26,097	3.1%	4.2%
T. Rowe Price Retirement 2020 Fund	\$ 13,528	1.6%	3.0%
T. Rowe Price Retirement 2025 Fund	\$ 20,725	2.5%	3.1%
T. Rowe Price Retirement 2030 Fund	\$ 15,488	1.9%	2.1%
T. Rowe Price Retirement 2035 Fund	\$ 8,261	1.0%	1.1%
T. Rowe Price Retirement 2040 Fund	\$ 10,329	1.2%	0.6%
T. Rowe Price Retirement 2045 Fund	\$ 2,895	0.3%	0.3%
T. Rowe Price Retirement 2050 Fund	\$ 525	0.1%	0.1%
T. Rowe Price Retirement 2055 Fund	\$ 464	0.1%	0.0%
T. Rowe Price Retirement Income Fund	\$ 9,854	1.2%	1.6%
<b>Sub Total</b>	<b>\$ 236,655</b>	<b>29.5%</b>	<b>20.9%</b>
<b>International Stock</b>			
Vanguard Total Intl. Stock Index Fund (Inv. Shares)	\$ -	0.0%	0.8%
EuroPacific Growth Fund(R) - (Class R6)	\$ 36,694	4.4%	4.9%
Vanguard Total Intl. Stock Index Fund (Inst. Shares)	\$ 17,110	2.0%	1.1%
<b>Small-Cap Stock</b>			
T. Rowe Price Small Cap Stock Fund	\$ 29,368	3.5%	3.9%
Vanguard Small Cap Growth Index (Inst. Class)	\$ 22,054	2.6%	2.5%
Vanguard Small Cap Value Index (Inst. Class)	\$ 13,630	1.6%	1.3%
<b>Mid-Cap Stock</b>			
Morgan Stanley Fund Trust (Inst. Class)	\$ 15,160	1.8%	2.4%
Vanguard Mid Cap Index Fund (Inst. Plus Class)	\$ 34,117	4.1%	4.3%
T. Rowe Price Mid Cap Value Fund	\$ 14,404	1.7%	1.7%
<b>Large-Cap Stock</b>			
Vanguard Institutional Index (Plus Shares)	\$ 78,144	9.3%	9.7%
Neuberger Berman Partners (Inv. Class)	\$ 25,347	3.0%	3.0%
Goldman Sachs Large Cap Value Fd. (Inst. Class)	\$ 24,963	3.0%	3.2%
Vanguard Value Index Fund (Inst. Class)	\$ 6,353	0.8%	0.3%
The Growth Fund of America(R) - (Class R6)	\$ 40,523	4.8%	5.0%
Parnassus Equity Income Fund (Instl Shares)	\$ 2,813	0.3%	0.0%
<b>Balanced</b>			
Fidelity Puritan Fund	\$ 38,688	4.6%	4.7%
<b>Bonds</b>			
PIMCO Total Return Fund	\$ 65,847	7.9%	9.8%
Vanguard(R) Total Bond Market Index Fund (Signal)	\$ 8,136	1.0%	0.0%
<b>Fixed Account/Cash</b>			
Investment Contract Pool	\$ -	0.0%	0.0%
Nationwide Fixed Account	\$ -	0.0%	0.0%
Vanguard Money Market Fund	\$ 116,368	13.9%	20.5%
<b>Total</b>	<b>\$ 836,695</b>	<b>100.0%</b>	<b>100.0%</b>

## 403(b) Total Contributions 1st Quarter 2012

Total contributions during 1st Quarter '12 were 13.36% higher than total contributions during 1st Quarter '11.

### 403(b) Contributions by Quarter



# MSRP - Participant Account Activity

## 1st Quarter 2012

As of March 31, 2012, there were 921 participants, a decrease of 2.85% over the past 12 months.

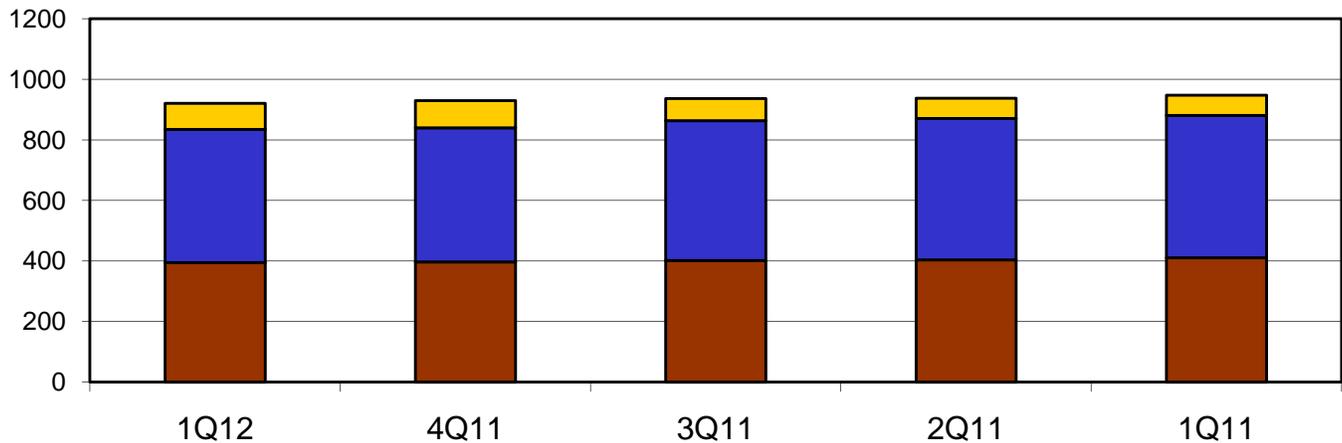
### Participant Account Activity

	1Q12	4Q11	3Q11	2Q11	1Q11
<b>Beginning Participants</b>	930	937	938	948	959
<b>New</b>	5	5	9	10	9
<b>Restart</b>	0	2	1	(1)	(2)
<b>Transfer</b>	(9)	(7)	(4)	(8)	(9)
<b>Retired/Terminated</b>	(2)	(6)	(4)	(4)	(2)
<b>Death</b>	(1)	0	0	(4)	(2)
<b>Other</b>	(2)	(1)	(3)	(3)	(5)
<b>Ending Participants</b>	921	930	937	938	948

# 403(b) Participant Breakdown

## 1st Quarter 2012

### # of Accounts



# of Participants	1Q12	4Q11	3Q11	2Q11	1Q11
Deferring	395	397	402	404	411
Not deferring	440	443	462	467	470
In payout	86	90	73	67	67
<b>Total</b>	<b>921</b>	<b>930</b>	<b>937</b>	<b>938</b>	<b>948</b>

NOTE:: Actively deferring participants are identified as participants who have an account balance and have year-to-date deferrals greater than zero, have deferred within the quarter or deferred the annual maximum and are not receiving a systematic payout.

## 403(b) Comparison of all Distributions & Contributions 1st Quarter 2012

	Distributions	Contributions	Net Increase
1996	\$1,462,030	\$3,501,606	\$2,039,576
1997	\$2,376,948	\$3,480,777	\$1,103,829
1998	\$2,400,757	\$3,177,910	\$777,153
1999	\$2,569,065	\$5,238,944	\$2,669,879
2000	\$4,196,205	\$3,338,039	(\$858,166)
2001	\$2,406,014	\$2,977,078	\$571,064
2002	\$4,072,431	\$3,386,580	(\$685,852)
2003	\$3,269,531	\$2,736,696	(\$532,835)
2004	\$4,090,269	\$2,752,910	(\$1,337,359)
2005	\$4,456,483	\$2,978,294	(\$1,478,189)
2006	\$4,759,211	\$2,871,341	(\$1,887,870)
2007	\$6,771,816	\$2,941,860	(\$3,829,956)
2008	\$4,150,275	\$3,148,691	(\$1,001,583)
2009	\$3,915,017	\$3,513,294	(\$401,723)
2010	\$4,876,678	\$3,538,681	(\$1,337,996)
2011	\$4,361,703	\$2,938,469	(\$1,423,234)
<b>1Q11</b>	<b>\$1,381,869</b>	<b>\$738,105</b>	<b>(\$643,764)</b>

2012	Distributions	Contributions	Net Increase
January	\$772,326	\$209,950	(\$562,376)
February	\$562,174	\$247,992	(\$314,182)
March	\$455,679	\$378,753	(\$76,926)
<b>1Q12</b>	<b>\$1,790,180</b>	<b>\$836,695</b>	<b>(\$953,484)</b>
<b>YTD TOTAL:</b>	<b>\$1,790,180</b>	<b>\$836,695</b>	<b>(\$953,484)</b>

# 403(b) Financial Hardship Requests

## 1st Quarter 2012

### Status of Requests

	Totals	Under \$10,000	Over \$10,000
Approved	0	0	0
Modifed Approved	0	0	0
Denied	0	0	0
Pending	0	0	0
Cancelled	0	0	0
<b>403(b) Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Approved by Category

	Totals	Under \$10,000	Over \$10,000
Accident or Illness	0	0	0
Auto Repair	0	0	0
Car Repossession	0	0	0
Divorce/Separation	0	0	0
Educational Expenses	0	0	0
Foreclosure/Eviction	0	0	0
Funeral	0	0	0
Garnishment	0	0	0
Involuntary Loss of Income	0	0	0
Legal Proceedings	0	0	0
Medical/Dental	0	0	0
Moving Expenses	0	0	0
Purchase of Home	0	0	0
Taxes	0	0	0
Utility Shut Off	0	0	0
<b>Total 403(b) Approved</b>	<b>0</b>	<b>0</b>	<b>0</b>

401(a) Plan

# 401(a) Financial Activity

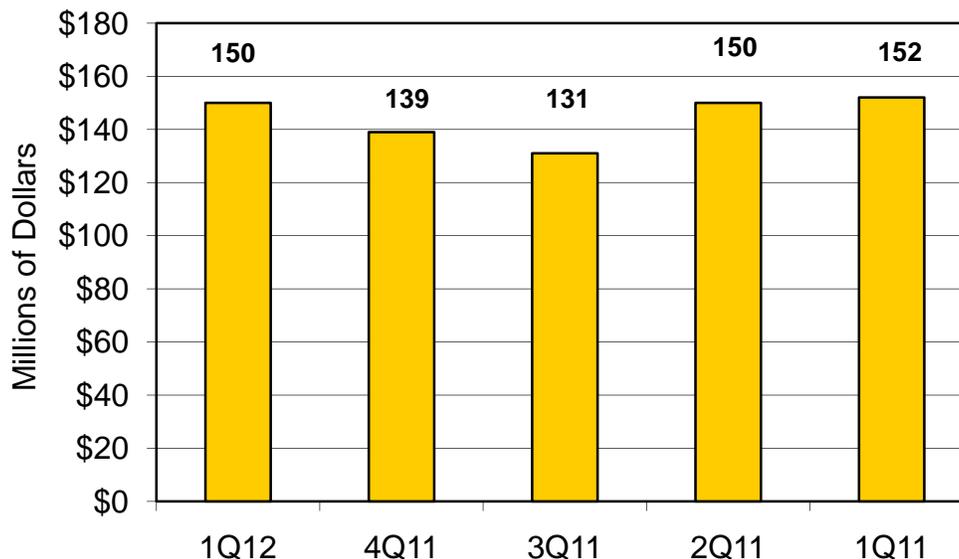
## 1st Quarter 2012

Summary of 401(a) financial transactions and the resultant effect on Plan assets (unaudited)

	<b>2012</b>	<b>2011</b>
Beginning Asset Balance - January 1	\$ 139,104,377	\$ 147,587,558
Contributions		
Deferrals	\$ 748	\$ 548
Other Contributions	\$ 158,699	\$ 85,975
<b>Total</b>	<b>\$ 159,448</b>	<b>\$ 86,523</b>
Withdrawals		
Transfers Out	\$ (450,050)	\$ (667,552)
Withdrawals	\$ (1,130,893)	\$ (1,443,669)
<b>Total</b>	<b>\$ (1,580,944)</b>	<b>\$ (2,111,221)</b>
Fees	\$ (68,710)	\$ (69,919)
Investment Performance	\$ 12,274,182	\$ 6,477,546
Ending Asset Balance - March 31	<b>\$ 149,888,353</b>	<b>\$ 151,970,488</b>
Net Change	7.75%	2.97%
	\$ 10,783,976	\$ 4,382,929
Investment Results*	8.86%	4.41%

The above information does not include annuitized assets, or cash values held by UNUM (Commercial Life). These figures are furnished separately in quarterly financial reports.

### 401(a) Total Assets



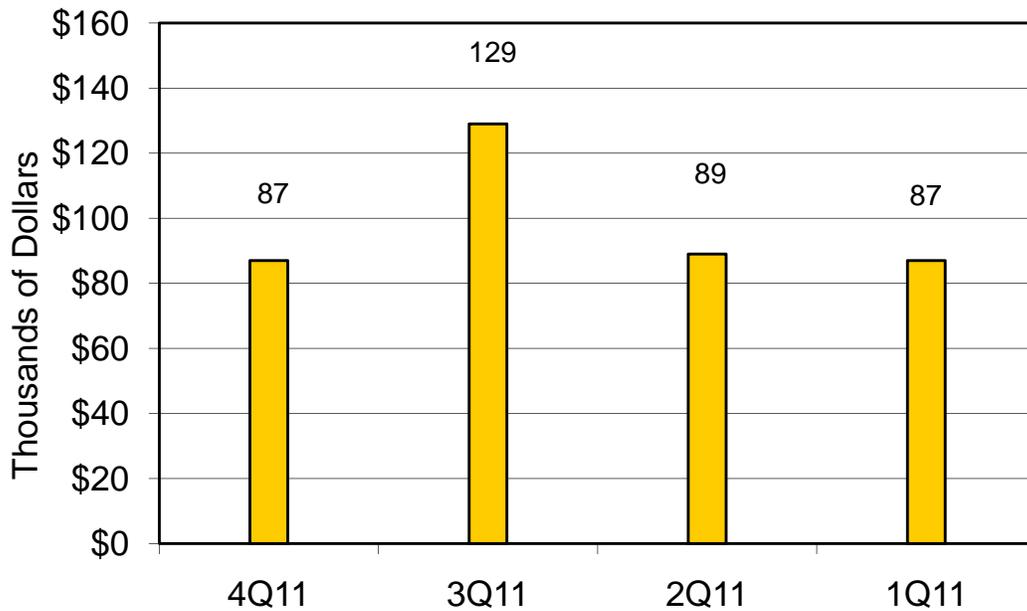
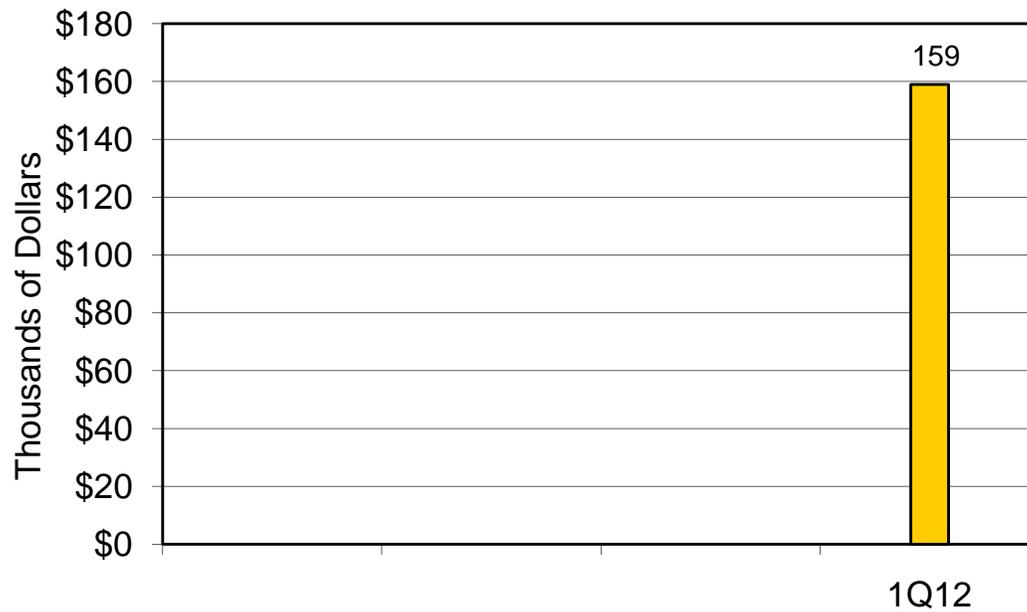
\*Estimated by adding half of the quarterly contributions to the beginning asset balance, deducting half of the quarterly withdrawals, divided into the quarterly investment performance.

# 401(a) Total Contributions

## 1st Quarter 2012

Total contributions during 1st Quarter '12 were 84.28% higher than total contributions during 1st Quarter '11.

### 401(a) Contributions by Quarter



## 401(a) Comparison of all Distributions & Contributions 1st Quarter 2012

	Distributions	Contributions	Net Increase
2000	\$271,513	\$19,903,617	19,632,104
2001	\$722,999	\$20,978,349	20,255,350
2002	\$1,047,982	\$18,387,384	17,339,403
2003	\$1,783,948	\$2,557,107	773,160
2004	\$2,202,623	\$15,126	(2,187,497)
2005	\$2,803,153	\$11,883,595	9,080,442
2006	\$3,643,693	\$17,986,535	14,342,842
2007	\$4,754,283	\$20,722,605	15,968,321
2008	\$4,882,470	\$20,506,102	15,623,633
2009	\$4,565,333	\$3,493,268	(1,072,065)
2010	\$6,205,561	\$542,451	(5,663,111)
2011	\$7,188,030	\$389,962	(6,798,068)
<b>1Q11</b>	<b>\$2,111,221</b>	<b>\$86,523</b>	<b>(2,024,698)</b>

2012	Distributions	Contributions	Net Increase
January	\$542,665	\$44,947	(\$497,718)
February	\$498,193	\$30,702	(\$467,491)
March	\$540,086	\$83,799	(\$456,287)
<b>1Q12</b>	<b>\$1,580,944</b>	<b>\$159,448</b>	<b>(\$1,421,496)</b>
<b>YTD Total</b>	<b>\$1,580,944</b>	<b>\$159,448</b>	<b>(\$1,421,496)</b>

# Marketing Updates

# MSRP Plan Participation Levels

## Overall Participation *versus* Match Plan Participation

### 1st Quarter 2012

#### Overall Plan

Participation Rate: 75.80%

(58,255 participants / 76,853\* eligibles)

\*Number of eligibles provided by MSRP on 9/24/2011 referencing the DBM Financial Digest and Central Payroll Bureau reports as source documents.

#### Match Plan

Participation Rate: 74.96%

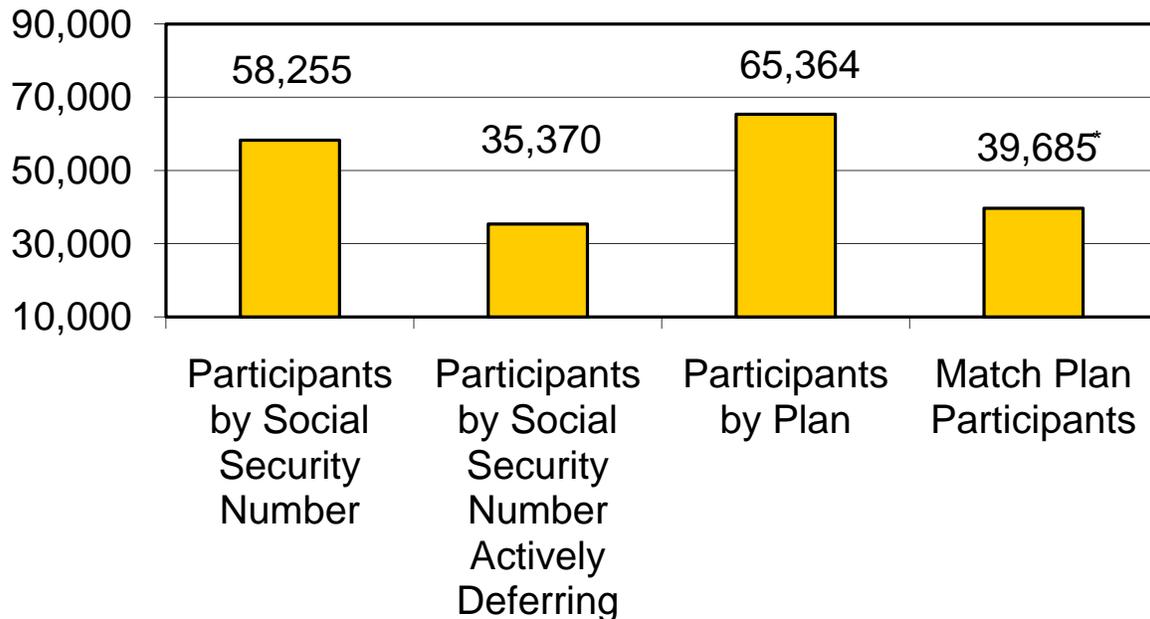
(39,685 participants / 52,941\* eligibles)

\*MSRP was able to obtain a 12/31/07 State Retirement Agency file to update the eligibles for the State's match.

#### Actively Deferring

Participation Rate: 46.02%

(35,370 participants / 76,853 eligibles)



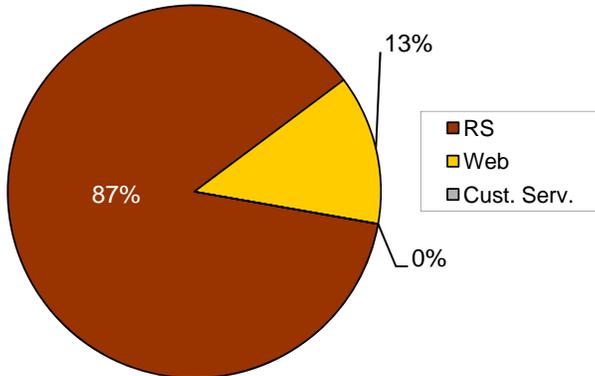
•Represents 401(a) accounts with assets. Within the last 90 days, 5 participants contributed.

NOTE: The difference between the first and third columns are multiple plan participants  
 Examples:  
 Participants by social security number, i.e., one participant in three plans is counted once  
 Participants by plan, i.e., one participant in three plans is counted three times

# NRS RS/Customer Service Production Summary

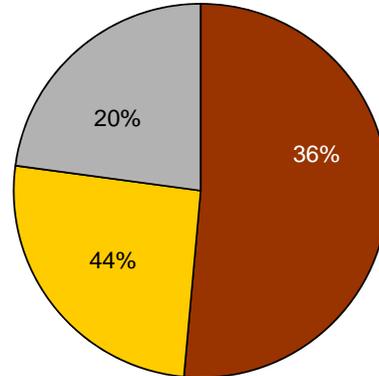
March 31, 2012 YTD

New Enrollments



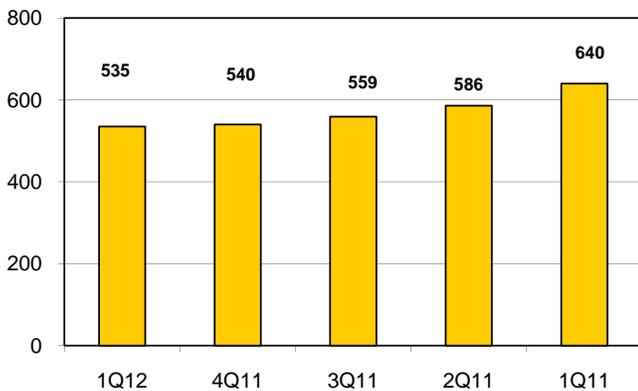
Total: 535

Increases

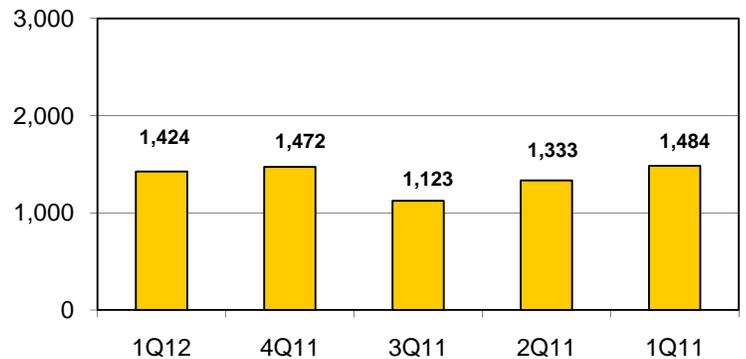


Total: 1,424

New Enrollments

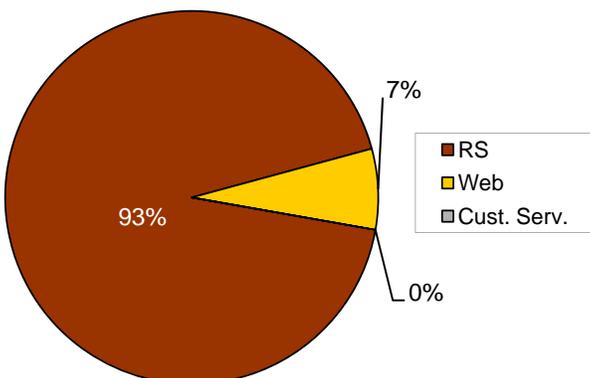


Increases



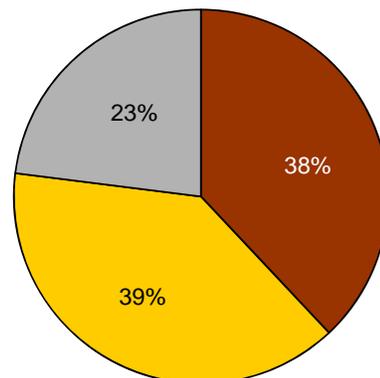
March 31, 2011 YTD

New Enrollments



Total: 640

Increases

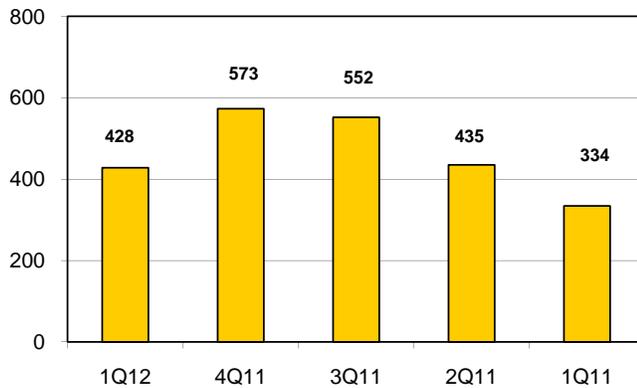


Total: 1,484

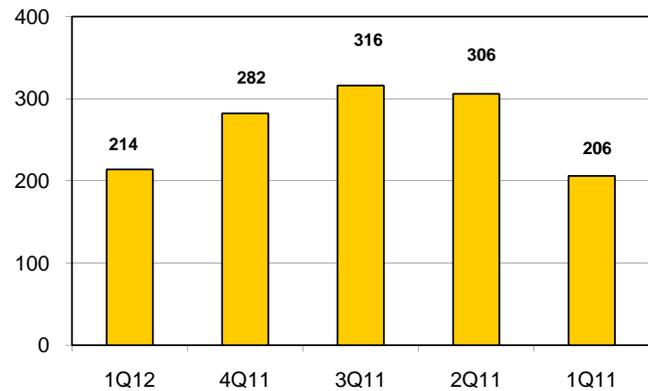
# NRS Service Summary

## 1st Quarter 2012

Decrease Activity



Suspension Activity



Contact Method	# of 1Q12 Contacts
Seminars Conducted	66
Total Seminar Attendees	941
Customer Service - Home Office	11,684
Voice Response Unit Calls	3,612
Web Site Hits	256,411
Account Balance Inquiries	123,728
Web Enrollments	133
Allocation Changes	557
Deferral Changes	4,300
Exchanges	959
Profile Setup	756
<b>Total Participant Contacts</b>	<b>272,648</b>

# Loan and Hardship Analysis

## 1st Quarter 2012

### Loan History

	4Q12	3Q12	2Q12	1Q12	2011	2010
\$ - General Purpose Loans				\$4,583,415	\$22,099,384	\$17,248,047
# - General Purpose Loans				520	2,616	2,007
\$ - Primary Resident Loans				\$28,900	\$588,401	\$470,078
# - Primary Resident Loans				3	31	26
<b>\$ - Loan Totals</b>				<b>\$4,612,315</b>	<b>\$22,687,785</b>	<b>\$17,718,125</b>
<b># - Loan Totals</b>				<b>523</b>	<b>2,647</b>	<b>2,033</b>

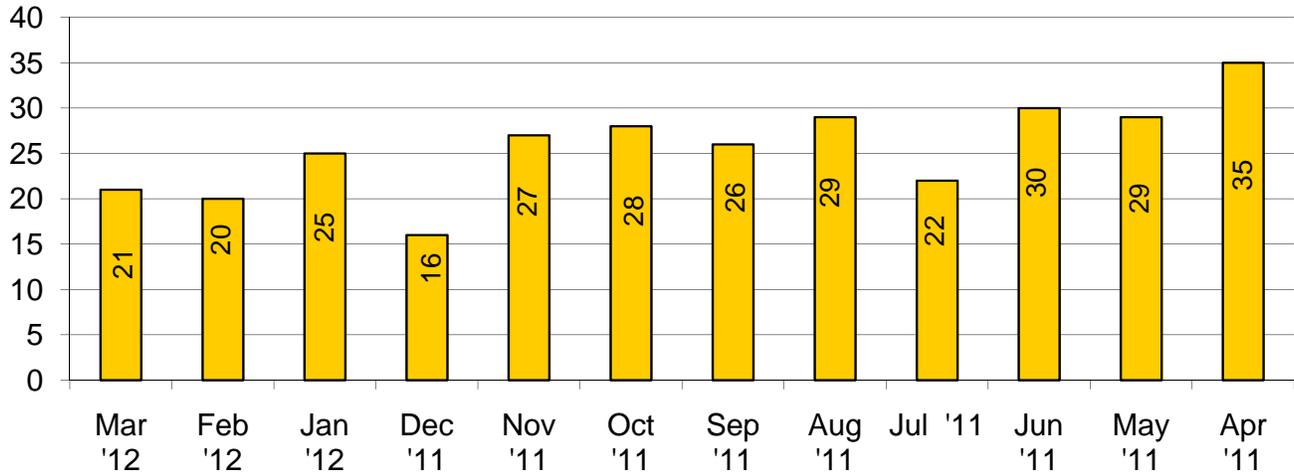
### Hardship History

	4Q12	3Q12	2Q12	1Q12	2011	2010
Accident or Illness				0	6	8
Adoption				0	0	0
Auto Repair				0	1	8
Bankruptcy				0	0	0
Car Repossession				3	17	83
Child Support				0	0	2
Divorce/Separation				0	1	3
Educational Expenses				0	9	36
Flood/Home Repairs				1	52	26
Foreclosure/Eviction				11	131	418
Funeral				0	0	1
Garnishment				0	1	8
Involuntary Loss of Income				0	41	119
Legal Proceedings				1	6	51
Medical/Dental				2	38	81
Moving Expenses				0	1	4
Purchase of Home				0	1	9
Taxes				2	7	44
Utility Disconnection				9	66	321
<b>Total Approved</b>				<b>29</b>	<b>378</b>	<b>1,222</b>

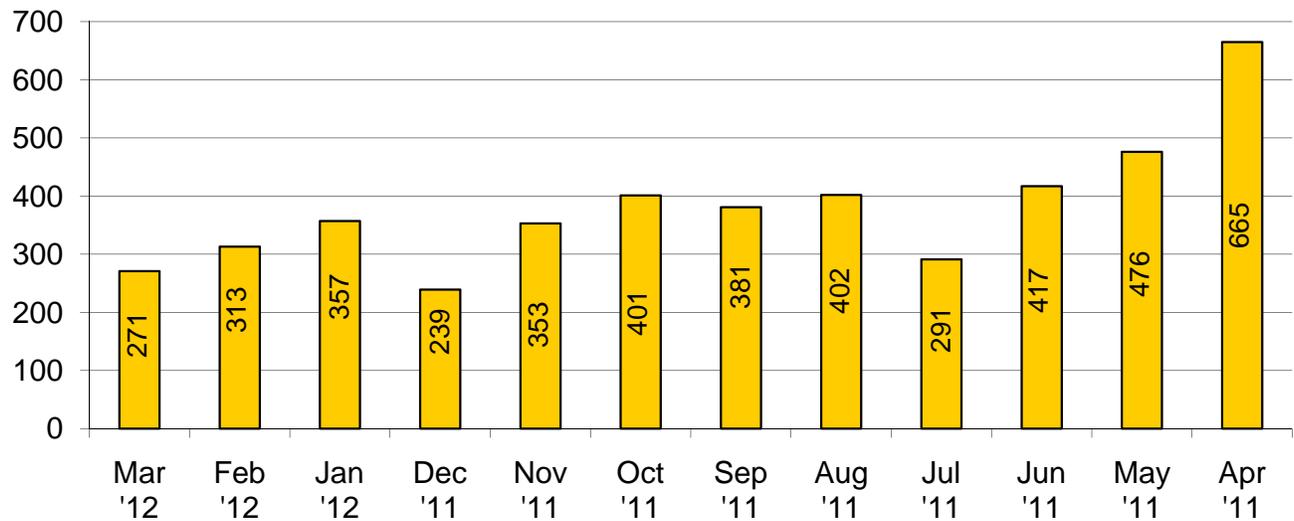
# NRS Field Updates

## 1st Quarter 2012

### Group Meetings



### Attendees



2012 YTD:	# of Group Meetings:	66	# of Attendees:	941
2011 YTD:	# of Group Meetings:	98	# of Attendees:	1,311

# MSRP Rollovers Report

## 1st Quarter 2012

	Rollovers Out		Rollovers In	
	# of Apps	\$ Amount*	# of Apps	\$ Amount*
<b>2003 Total</b>	<b>1,157</b>	<b>\$35.4</b>	<b>442</b>	<b>\$10.5</b>
<b>2004 Total</b>	<b>957</b>	<b>\$49.1</b>	<b>516</b>	<b>\$12.8</b>
<b>2005 Total</b>	<b>1,021</b>	<b>\$53.0</b>	<b>488</b>	<b>\$11.0</b>
<b>2006 Total</b>	<b>1,216</b>	<b>\$68.9</b>	<b>558</b>	<b>\$16.6</b>
<b>2007 Total</b>	<b>1,445</b>	<b>\$86.5</b>	<b>561</b>	<b>\$15.0</b>
<b>2008 Total</b>	<b>1,517</b>	<b>\$84.7</b>	<b>519</b>	<b>\$10.7</b>
<b>2009 Total</b>	<b>1,510</b>	<b>\$51.3</b>	<b>426</b>	<b>\$9.5</b>
<b>2010 Total</b>	<b>1,633</b>	<b>\$62.8</b>	<b>478</b>	<b>\$14.0</b>

<b>2011</b>				
<b>1Q11</b>	<b>549</b>	<b>\$23.0</b>	<b>116</b>	<b>\$2.5</b>
<b>2Q11</b>	<b>507</b>	<b>\$20.7</b>	<b>162</b>	<b>\$5.0</b>
<b>3Q11</b>	<b>410</b>	<b>\$15.3</b>	<b>125</b>	<b>\$3.8</b>
<b>4Q11</b>	<b>396</b>	<b>\$16.1</b>	<b>111</b>	<b>\$2.3</b>
<b>YTD Total</b>	<b>1,862</b>	<b>\$75.1</b>	<b>514</b>	<b>\$13.6</b>

<b>2012</b>				
January	124	\$5.1	51	\$2.6
February	137	\$4.9	46	\$1.3
March	162	\$7.9	44	\$1.8
<b>1Q12</b>	<b>423</b>	<b>\$17.9</b>	<b>141</b>	<b>\$5.7</b>
<b>YTD Total</b>	<b>423</b>	<b>\$17.9</b>	<b>141</b>	<b>\$5.7</b>

# Rollovers Out

## 1st Quarter 2012

### Top Payees

Payee	Number	Amount	% of Total
Charles Schwab	10	\$ 1,309,693	9.31%
Fidelity	22	\$ 1,201,609	8.54%
National Financial Services (CSC)	6	\$ 907,405	6.45%
Morgan Stanley Dean Witter	6	\$ 884,357	6.29%
CitiGroup Global Markets/Smith Barney	5	\$ 843,724	6.00%
<b>Total</b>	<b>49</b>	<b>\$ 5,146,788</b>	<b>36.59%</b>

### Top Carriers

Payee	Number	% of Total
Fidelity	22	9.57%
Pershing	15	6.52%
Charles Schwab	10	4.35%
Edward Jones & Company	10	4.35%
Thrift Savings Plan	10	4.35%
<b>Total</b>	<b>67</b>	<b>29.13%</b>

### Top Reasons for Rollovers Out

1)	The participant is looking to simplify and is working with an advisor to consolidate plans.
2)	The participant has a strong relationship with their advisor.
3)	The participant is looking for more investment choices.
4)	Convenience.
5)	The participant is leaving the state and prefers to have money in their state of residence.

# MBE/WBE Purchasing

## 1st Quarter 2012

Vendor Name	Vendor #	Commodity	2011	1Q12	2Q12	3Q12	4Q12	YTD
<b>Sights Publications</b> 15130 Black Ankle Road Mt. Airy, MD 21771	92-024	Print Products	\$ 63,585	\$ 9,369				\$ 9,369
<b>Sutherland Data Products, LTD</b> 1225 Southview Road Baltimore, MD 21218	49-141	Office Supplies	\$ 47,376	\$ 11,831				\$ 11,831
<b>All-Shred</b> P.O. Box 758 Middletown, MD 21769	47-242	Document Shredding	\$ 693	\$ 173				\$ 173
<b>ProTeam Staffing</b> 989 E. Main Steet, Ste. 102 Columbus, OH 43205	41-803	Administration Tasks	\$ 70,184	\$ 15,771				\$ 15,771
<b>Unicon</b> 241 Outerbelt Street Columbus, OH 43213	51-153	IT Consultants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Manifest</b> 2035 Riverside Drive Upper Arlington, OH 43221	09-106	IT Consultants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Curry Printing-Ebert Enterp.</b> 314 North Charles Street Baltimore, MD 21201	43-441	Print Products	\$ 96,377	\$ 54,608				\$ 54,608
<b>FIRM</b> 1800 JFK Boulevard, Suite 460 Philadelphia, PA 19103	09-087	Marketing	\$ 438,293	\$ 97,508				\$ 97,508
<b>Shepard Arts Studio</b> 842 Edgewater Lane Marysville, OH 43040	09-546	Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Heaven Scent Catering, LTD</b> 8923 Old Hartford Road Baltimore, MD 21234	08-490	Catering	\$ 1,557					\$ -
<b>Total Maryland Spends</b>			<b>\$ 718,065</b>	<b>\$ 189,260</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 189,260</b>
<b>Asset Fees Collected</b>				<b>\$ 877,495</b>				<b>\$ 877,495</b>
<b>25% to Revenue Annual Goal</b>				<b>\$ 219,374</b>				<b>\$ 219,374</b>
<b>Percent MWBE Spend Attained YTD</b>								<b>22%</b>

# Service Credit Withdrawals

Year to Date 2012

	2012		2011	
	# of Requests	Amount	# of Requests	Amount
January	6	\$ 66,237	10	\$ 80,338
February	5	\$ 15,357	6	\$ 63,531
March	3	\$ 113,306	8	\$ 97,187
April			13	\$ 185,384
May			12	\$ 252,897
June			10	\$ 97,416
July			6	\$ 41,503
August			5	\$ 55,653
September			4	\$ 65,386
October			4	\$ 64,281
November			5	\$ 53,436
December			2	\$ 16,592
<b>YTD Total</b>	<b>14</b>	<b>\$ 194,901</b>	<b>85</b>	<b>\$ 1,073,603</b>

# Withdrawals

Reason	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1
Transfer	0	0	-123,236	0	0
Rollover	-17,873,767	-16,145,391	-15,287,208	-20,680,008	-23,000,653
Plan to Plan Transfer	-7,683	-198,620	-85,000	-180,365	-713,471
Total – Rollovers/Transfers Out on Report	-17,881,450	-16,344,011	-15,495,444	-20,860,373	-23,714,124
Account Split	-2,470,679	-4,183,180	-4,167,490	-3,579,046	-2,695,708
NW Annuity	0	0	0	0	0
Death	-2,128,653	-3,348,566	-3,212,236	-2,308,045	-2,213,717
Disability	0	-7,179	0	0	0
Plan to Plan Transfer	-757,874	-79,664	-294,227	-360,254	-517,286
Hardship	-991,019	-1,176,084	-1,551,063	-1,385,782	-1,212,597
In-Service (59 ½)	0	-15,579	0	-400,000	0
Loan Disbursement	-2,885,262	-3,473,463	-3,678,898	-4,360,014	-3,561,409
QDRO	-96,219	-53,564	-283,398	-105,600	-149,384
Retirement	-45,583	-51,551	-92,925	-87,854	-93,410
RMD	-1,397,502	-5,573,454	-1,228,998	-1,038,336	-1,149,744
Service Credit	-194,901	-134,308	-162,542	-535,697	-241,056
Tax Levy	0	0	-377	0	-17,183
Termination	-14,525,831	-10,721,040	-14,063,720	-13,363,911	-14,707,582
Testing Refund	-19,013	0	-189	-5,637	-16,214
Other	0	0	0	0	0
DCdirect Conversion/Adjustment	0	0	0	0	0
Total-Other Withdrawals on Report	-25,512,535	-28,817,632	-28,736,063	-27,530,176	-26,575,290
Grand Total	-43,393,985	-45,161,644	-44,231,507	-48,390,549	-50,289,414
Total from Board Report	-43,393,985	-45,161,644	-44,231,507	-48,390,549	-50,289,414
Difference	0	0	0	0	0

# Contributions

Reason	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1
Salary Contribution	33,744,163	29,010,896	34,393,608	30,007,462	35,116,765
Payroll Correction	0	0	0	0	0
Employer Contribution	748	1,177	5,208	316	548
Other	0	0	0	0	0
<b>Total-Deferrals on Report</b>	<b>33,744,911</b>	<b>29,012,072</b>	<b>34,398,817</b>	<b>30,007,778</b>	<b>35,117,313</b>
Rollover	5,663,478	2,313,929	3,848,437	5,018,443	2,523,471
Transfer	1,167	107,475	0	117	0
Internal Plan to Plan Transfers	0	0	0	0	0
<b>Total-Rollovers/Transfers In on Report</b>	<b>5,664,645</b>	<b>2,421,404</b>	<b>3,848,437</b>	<b>5,018,560</b>	<b>2,523,471</b>
Account Split	2,470,679	4,111,276	4,167,490	3,579,086	2,741,991
Internal Plan to Plan	807,782	119,777	109,342	243,078	515,219
Life to Annuity Transfer	25	20	6,578	13,999	885
Repayment	2,580,341	2,297,596	2,215,074	2,290,007	2,111,825
Late Trade Settlement (Invesco)	0	0	0	0	0
<b>Total Other Contributions on Report</b>	<b>5,858,827</b>	<b>6,528,669</b>	<b>6,498,484</b>	<b>6,126,170</b>	<b>5,369,921</b>
DCCdirect Conversion Adjustment	0	0	0	0	0
<b>Grand Total</b>	<b>45,268,384</b>	<b>37,962,145</b>	<b>44,745,737</b>	<b>41,152,508</b>	<b>43,010,705</b>
<b>Totals from Board Report</b>	<b>45,268,384</b>	<b>37,962,145</b>	<b>44,745,737</b>	<b>41,152,508</b>	<b>43,010,705</b>
Difference	0	0	0	0	0

**BOARD OF TRUSTEES OF THE  
MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS**

**ADMINISTRATOR'S AGREEMENT Excerpt**

**22. Transition Responsibility.**

In the event that the Board gives notice to NRS that the Agreement shall terminate, NRS shall, immediately upon receipt of such notice, commence performance of its transition responsibilities hereunder. The Board shall not be required to give notice of termination at the conclusion of the term specified in section 21. Whenever termination occurs, NRS' responsibilities shall include the delivery to the Board of all Plan and Participant records in good working order suitable for use by such new administrators as may be selected by the Board. Such delivery is to take place no later than three (3) months after the delivery of termination notice. Termination of the Agreement shall not eliminate NRS' responsibility to account for Plan transactions up to the date of termination, and NRS shall be required to furnish, subsequent to termination:

(a) a year-end Plan financial statement and Participant statement as otherwise required;

(b) identical statements covering any partial year ending with the termination.

Irrespective of when and how termination occurs the Board shall have the right to collect damages from NRS for any failure to perform its obligations hereunder, whether said damages are obtained from: (i) withholding of compensation due to NRS; (ii) suit at law for such damages; (iii) suit on such bond as is maintained by NRS.

MARYLAND TEACHERS AND STATE EMPLOYEES  
SUPPLEMENTAL RETIREMENT PLANS

401(k) • ROTH 401(k) • 457(b) • ROTH 457(B) • 403(b) • 401(a)



MSRP





**Low plan fees**

Maryland's goal is to ensure the fees (as well as fees of the funds available to you) are very competitive. By enrolling in MSRP along with many of your coworkers, we're able to negotiate for lower fees that you may not get on your own. The lower your fees, the more your dollars work for you.

# The plan with you in mind

Employees can participate in more than one plan. **All** the plans offer the following advantages:

**Diversified investment options**

We monitor the management of the funds available to you so you have well-known and low-cost options.

Maryland Teachers and  
State Employees  
Supplemental  
Retirement Plans

Customer Service 1-800-545-4730  
MarylandDC.com

If you have any questions about enrolling,  
please don't hesitate to call us!



**Easy online account access**

Once you've enrolled, you can create a profile (in just moments of your time) and have immediate, personalized account access for enrollment, exchanges, allocation changes or changes to your deferral amount. You'll also receive e-mail updates, including quarterly notices that your statement is available online. Monthly performance figures, announcements and educational articles make MarylandDC.com your smart choice for on-demand information about your MSRP Plans and your account(s).

**Flexible payout options**

There are many flexible payout choices — which means you'll find one that will fit your income needs in retirement.

**The people who help you — Retirement Specialists**

Team MSRP provides you with education and the right resources so you can make informed decisions about your retirement. We help you with the details of planning your retirement so you can spend more time enjoying it. When it comes to your retirement, don't guess. Call Team MSRP at **1-800-545-4730**.



Local Retirement Specialists are also available to meet with you. See their territory map in the back pocket of this Enrollment Kit. *Information provided by Retirement Specialists is for educational purposes and not intended as investment advice.*

## Once you've enrolled

When you enroll, you are required to name a beneficiary to receive your benefits if you die before your account is paid out. You may change your beneficiary at any time by completing a new Beneficiary Designation Form, which will supersede any previous beneficiary form.

**Here's your five-step checklist once you are participating in a plan ...**

- Be patient — consistently invest and let time work to your advantage.
- Review your asset allocation each year.
- Increase your contribution each year.
- Learn about combining your other retirement assets into your plan.
- Commit to your future — Team MSRP will be with you every step of the way.



3 800-545-4730



enroll online

marylandDC.com

# Enroll now

Complete the *EZ Enrollment OR Participation Agreement* form or call Team MSRP at **1-800-545-4730**.

Be sure to include your Social Security number and contact information.

Your deferral amount goes here.

Select the funds to invest in here. For example, enter 100 next to the Targeted Retirement Date fund and your done, and/or enter percentages that add up to 100 next to your Option B choices.

Option A only

Nationwide Retirement Solutions, Inc. (NRS) is the administrator for MSRP. Registered representatives of NISC (Nationwide Investment Services Corporation, member FINRA), an affiliate of NRS, provide educational and enrollment services on behalf of MSRP. Financial Integrity Resources Management, LLC (the FIRM) may provide education and marketing support services on behalf of NRS. Its Retirement Consultants are registered representatives of FSC Securities Corporation (FSC), member FINRA, SIPC. FSC and the FIRM are not affiliated with MSRP, NRS or NISC.

Nationwide Retirement Solutions and Nationwide Life Insurance Company (collectively "Nationwide") have endorsement relationships with the National Association of Counties, The United States Conference of Mayors, and the International Association of Fire Fighters-Financial Corporation. More information about the endorsement relationships may be found online at [www.nrsforu.com](http://www.nrsforu.com).

©2011 Nationwide Retirement Solutions. One Nationwide Blvd. Cols OH 43215. All rights reserved.



Enroll online at [MarylandDC.com](http://MarylandDC.com)



Click the enroll online link



Click the enroll online link



Follow the onscreen prompts. Have your paystub handy to enter your agency code.



# MSRP

## MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

Administered by Nationwide Retirement Solutions, Inc.

11350 McCormick Road  
Executive Plaza 3, Suite 902  
Hunt Valley, MD 21031

**1-800-545-4730**  
**MarylandDC.com**

Board of Trustees and Staff  
Wm. Donald Schaefer Tower  
6 Saint Paul Street, Suite 200  
Baltimore, Maryland 21202

**1-800-543-5605**  
**www.MSRP.state.md.us**

# The Basics

## Maryland Teachers and State Employees Supplemental Retirement Plans

401(k) • Roth 401(k) • 457(b) • Roth 457(b) • 403(b) • 401(a)



MSRP

# Contents

1	Welcome and eligibility
2	Types of plans
3	Getting started and Investing styles
4	Planning ahead
5	How much can you invest? Options available upon separation of service
6	The MSRP tax advantage What's the difference (between pre-tax and after-tax plans)? Pre-tax plan features
7	Is a Roth right for you? After-tax plan features
8	Pre-tax plans comparison chart
9	After-tax plans comparison chart
Back cover	How to enroll Contact Information How to access your account

# Welcome

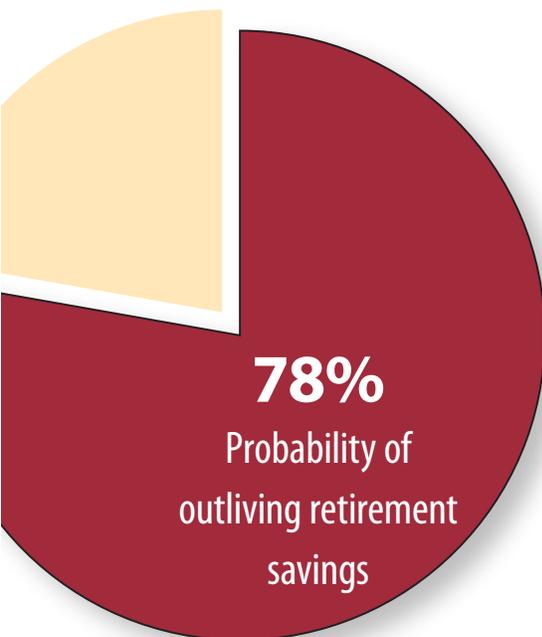
Get ready for your retirement through one or more of the three Maryland Supplemental Retirement Plans (MSRP). All employees of the State of Maryland, including contractual employees, are eligible to participate in the 457(b) and 401(k) plans. State employees who work within a State educational institution are also eligible to participate in the 403(b) plan. Take your pick:

- 1 the 457(b) Deferred Compensation Plan
  - pre-tax (tax-deferred) option
  - after-tax Roth option (coming 2Q11!)
- 2 the 401(k) Savings and Investment Plan
  - pre-tax (tax-deferred) option
  - after-tax Roth option (coming 2Q11!)
- 3 the 403(b) Tax-Deferred Annuity Plan for employees in educational institutions

Even though your pension and Social Security will provide income in retirement, they may not provide enough to maintain your current standard of living. MSRP lets you save and invest on your own and participation is voluntary.

## Who is eligible?

All employees of the State of Maryland, including contractual employees, are eligible to participate in the 457(b) and 401(k) plans. State employees who work within a State educational institution are also eligible to participate in the 403(b) plan.



## Retirees in the state of MD

Source: 2009. Ernst & Young LLP for Americans for Secure Retirement.



800-545-4730



enroll online

marylandDC.com



# MSRP

## A plan with you in mind

The MSRP includes three supplemental retirement plans — the **457(b), Roth 457(b), 401(k), Roth 401(k) and 403(b)**. Employees may participate in more than one plan. **All** the plans offer you the following advantages:

- **Competitive** plan fees
- **Diversified** investment options
- **Flexible** payout options
- **Easy** online account access
- Ability to transfer other assets\* into your MSRP traditional or Roth 457(b), traditional or Roth 401(k) or 403(b)
- People who help you—Team MSRP Retirement Specialists during employment  
Personal Retirement Consultants when you're within five years from retirement or in retirement. Information from Retirement Specialists or Personal Retirement Consultants is for educational purposes only and should not be considered investment advice.

*\*Other qualified retirement plans can differ, including fees and when you can access funds. Assets rolled over from another qualified plan may be subject to both surrender charges from the original plan and a 10% penalty tax if withdrawn before age 59½.*

*Investing involves market risk including possible loss of principal.*

### The 401(a) match plan

Maryland provides a match to most employees' contributions to the 457(b), 401(k) and 403(b) supplemental retirement plans. For every dollar you contribute, the State will contribute a dollar on your behalf until the \$600 maximum is reached (without vesting or minimum contribution rules). And with each fiscal year, the match starts again! *(The amount of the match may change from year to year or be suspended through legislative action, and is suspended for the fiscal year ending 6/30/2011.)*

To be eligible, you must be a full-time or part-time State employee and a member of the State Employees' Alternate Contributory Pension Plan. Once you're enrolled in the MSRP Plans, the match will **automatically** begin. To get the full \$600 match, you need to contribute at least \$600 per fiscal year (July 1 - June 30). That's only \$24 per pay period.



# Planning ahead is smart

It's never too soon — or too late — to begin investing, but using time to your advantage is very important. Most investment professionals recommend that you'll need as much as 75% – 90% of your current income to maintain a comfortable standard of living. Will you have enough money in retirement to live the life that you want? Remember, the earlier you start, the better opportunity you have to build a supplemental retirement income.

## Consider how long you'll need income

People are living longer, healthier lives. Today's average retirement is about nine years longer than in 1950 — 22 years total. And, the cost of living will probably increase considerably. Your other resources may not meet all your needs for retirement income.

Even with Social Security and a pension, you may need supplemental income to enjoy your retirement without worrying about money. That's where Team MSRP can help.

## Start early — start now

This example illustrates how an investor uses time to his advantage.

Ben started investing for retirement at age 30 and invested \$2,000 a year for only 10 years, and then he stopped making contributions. John waited until age 40 to start investing for retirement and invested \$2,000 for 25 years. Because he started early, Ben will have more for retirement even though he contributed less than John.



*This illustration is a hypothetical compounding calculation assuming an 7% annual rate of return. It is not intended to serve as a projection or prediction of the investment results of any specific investment. Investments are not guaranteed. Depending on your underlying investments, your return may be higher or lower. Interest compounded annually based on beginning-year contributions. No taxes or fees are reflected in this example, which would lower the results displayed.*

Source: Hewitt Associates, 2008.



## *State of Maryland—Rollover into MSRP*

*To expedite the Rollover/Transfer process, please check to see that you have provided us with the following items before your request is submitted:*

- A completed Direct Rollover/Transfer form*
- A recent statement of account from your previous plan provider*
- Distribution paperwork from your previous provider, completed and signed*
- The appropriate signature requirements from your previous employer*

*After all of the above items are obtained, please mail the completed paperwork to the following address:*

*Nationwide Retirement Solutions  
11350 McCormick Road  
Executive Plaza III – Suite 902  
Hunt Valley, MD 21031-9972*

*If you require assistance in completing this form or need additional information, please contact us at 1-800-966-6355.*

**Before completing this form, please review the checklist on the back to insure that your rollover/transfer is processed in a timely manner.**

**State of Maryland Direct Rollover/Transfer Request (For incoming assets only)**

Please complete all sections of this form. All information on this document must be completed and returned to Nationwide Retirement Solutions in order to be processed. If you require assistance in completing this form or need additional information, please contact us at 1-800-966-6355.

Upon completion of this form, please return the signed document to: **Nationwide Retirement Solutions  
11350 McCormick Road, Executive Plaza III – Suite 902  
Hunt Valley, MD 21031-9972**

SECTION I: Participant Information			
Name	Last	First	Middle
Current Address			Number and Street
			Apt./Suite
City			State
			Zip Code
State Agency:		Work Location:	
		E-mail Address:	

SECTION II: Rollover/Transfer Funds	
Plan Type:	<input type="checkbox"/> 457 plan <input type="checkbox"/> 401(k) plan <input type="checkbox"/> 403(b) plan <input type="checkbox"/> 401(a) plan <input type="checkbox"/> Traditional IRA <input type="checkbox"/> Other _____
Amount to Rollover/Transfer:	<input type="checkbox"/> Total account balance <input type="checkbox"/> Partial dollar amount \$ _____
Carrier/Custodian Name	Account Number
Address	Contact Name
City	State
	Zip Code
	Telephone Number

SECTION III: Rollover/Transfer Funds	
Plan Type:	<input type="checkbox"/> 457 plan <input type="checkbox"/> 401(k) plan <input type="checkbox"/> 403(b) plan
Make check payable to:	Nationwide Retirement Solutions, FBO (Participant Name, SS#)
Mail check to:	Nationwide Retirement Solutions, 11350 McCormick Road, Executive Plaza III – Suite 902, Hunt Valley, MD 21031-9972

SECTION IV: Investment Direction	
<input type="checkbox"/> Credit my rollover/transfer according to the current allocation on file -OR- <input type="checkbox"/> Credit my rollover/transfer as listed below (must total 100%):	
<b>FIXED INCOME OPTION</b>	<b>SMALL CAP</b>
_____% Investment Contract Pool (457(b) & 401(k) only)	_____% T. Rowe Price Small Cap. Stock Fund
_____% Vanguard Prime Money Market Fund (403(b) only)	_____% Vanguard Small Cap Growth Index
<b>BONDS</b>	_____% Vanguard Small Cap Value Index
_____% PIMCO Total Return Fund (Institutional Shares)	<b>INTERNATIONAL</b>
<b>BALANCED</b>	_____% American Funds – EuroPacific Growth Fund (Class A)
_____% Fidelity Puritan Fund	_____% Vanguard Total International Index Fund (Class A)
<b>LARGE CAP</b>	<b>TARGETED RETIREMENT FUNDS</b>
_____% American Funds – The Growth Fund of America (Class A)	_____% Retirement Income Fund (for those born in 1937 or before)
_____% Goldman Sachs Large Cap Value Fund (Institutional Class)	_____% Retirement 2005 Fund (designed for those born between 1938-1942)
_____% Neuberger Berman Equity Funds- Partners Fund (Institutional Class)	_____% Retirement 2010 Fund (designed for those born between 1943-1947)
_____% Vanguard Institutional Index Fund	_____% Retirement 2015 Fund (designed for those born between 1948-1952)
_____% Vanguard Value Index Fund (Investor Class)	_____% Retirement 2020 Fund (designed for those born between 1953-1957)
<b>MID CAP</b>	_____% Retirement 2025 Fund (designed for those born between 1958-1962)
_____% Dreyfus Mid-Cap Index Fund	_____% Retirement 2030 Fund (designed for those born between 1963-1967)
_____% T. Rowe Price Mid-Cap Value Fund	_____% Retirement 2035 Fund (designed for those born between 1968-1972)
_____% Van Kampen Mid Cap Growth Fund (Class A)	_____% Retirement 2040 Fund (designed for those born between 1973-1977)
	_____% Retirement 2045 Fund (designed for those born between 1978-1982)
	_____% Retirement 2050 Fund (designed for those born between 1983-1987)
	_____% Retirement 2055 Fund (designed for those born in 1988 or after)

**SECTION V: Authorization**

Please be aware that due to Internal Revenue Service regulations, if you take a distribution prior to age 59 1/2 from your MSRP account there may be a 10% penalty imposed. I acknowledge that I have received and read the fund prospectuses for the investment options I have elected above. I understand that my direct rollover will become subject to the terms and conditions of the plan. I certify that I satisfy the requirements for making a tax-free rollover/transfer into an eligible retirement plan. Nationwide Retirement Solutions is entitled to rely fully on my certification. I expressly assume responsibility for tax consequences relating to this rollover/transfer, and I agree that Nationwide Retirement Solutions shall not be responsible for those tax consequences. Upon receipt, I hereby request my funds to be invested as directed on this form.

Nationwide Retirement Solutions hereby agrees to accept the direct rollover/transfer described herein and upon receipt will deposit the proceeds within 5 business days in the account established on behalf of the individual's eligible employer. Some mutual funds may impose a short-term trade fee. Please read the underlying prospectus carefully.

Participant Signature	Date	Registered Principal Signature	Date
Registered Representative Name	Registered Representative Number	Original & Copy 1 to NRS	Copy 2 - Participant

PERORATION LINE

## **Enrollment Form**

**Folded and tucked in behind stapes**

PERORATION LINE

MOISTEN AND SEAL ENVELOPE TAB

**Mailing Envelope**  
**with return mailing label**  
**to be folded in here.**

PERORATION LINE

# How much can you invest?

You may contribute up to \$16,500 to a 457(b) plan **and** \$16,500 to either a 401(k) or 403(b) plan. In addition, you may qualify for one but not both of the catch-up provisions outlined below.

	Maximum deferral limit	Deferral limit plus Age 50 Catch-up	Special 457(b) Catch-up deferral limit
YEAR 2011	If you're less than age 50 this year, you may defer as much as ...	If you're at least age 50 this year, you may defer as much as ...	If you have three years until you retire, you may be eligible to defer as much as ...
<b>457(b), Roth 457(b) plan</b>	\$16,500	\$22,000	\$33,000
<b>401(k), Roth 401(k) 403(b) plan*</b>	\$16,500	\$22,000	\$22,000 (use Age 50 Catch Up)
<b>TOTAL</b>	<b>\$33,000</b>	<b>\$44,000</b>	<b>\$55,000</b>

\* For participants with both a 401(k) and 403(b) plan account, combined annual contributions to the plans may not exceed \$16,500.

## 50 and Over Catch-up

Employees age 50 and over who contribute the maximum deferral amount allowed each year may also make catch-up contributions up to \$5,500 to that plan. Altogether, in 2011, you may contribute up to \$22,000 in the 457(b), and \$22,000 in the 401(k) or 403(b) plans.

## The Uniformed Service Employment & Reemployment Rights Act (USERRA)

USERRA is a provision that allows military personnel who leave their employer for service in the U.S. military to make up the missed contributions when returning to their former employer. Please contact Team MSRP at **800-545-4730** for details regarding this provision.

## Special 457(b) Catch-up

In the three years prior to — but not including — the year you plan to retire, you may be able to double the maximum deferral limit in effect for each year affected. In 2011, you may be able to contribute up to \$33,000 into your MSRP 457(b) account.

The Special 457(b) Catch-up Provision assumes you have deferred less than the maximum amount to the 457(b) plan in previous years. Let Team MSRP help. Call us toll-free at **800-966-6355**.

Altogether, you can contribute no more than 100% of your includible compensation to Maryland Supplemental Retirement Plans.

## Options available upon separation from service

- Leave assets in the plan until age 70½ when minimum distributions are required, or even later if not yet retired from State service
- Total distribution or partial distribution payment
- Installment payments for a fixed period
- Installment payments of a fixed amount paid monthly, quarterly, semiannually or annually

In the 457(b) plan, withdrawals may begin without penalty when you leave State employment,

regardless of age. In the traditional 401(k) and 403(b) plans, withdrawals may begin when you leave State employment, however, there is an additional 10% penalty tax on distributions unless you are age 59½ or you have separated from State employment at age 55 or older. Additionally, Roth accounts need to be held for more than five years prior to any distributions. Both 401(k)s and 403(b) plans allow payout without penalty while you are still employed if you are 59½ or older.



800-545-4730



enroll online

marylandDC.com

# The MSRP tax advantage

**You are unique.** That's why MSRP offers both pre-tax (traditional 401(k), 457(b) and 403(b)) plans and after-tax (Roth 457(b) and Roth 401(k)) plans to help you choose the most advantageous type of plan for your situation now and in the future. Whether you choose to pay income taxes now or later, both kinds of plans offer these convenient features:

- It's easy to invest — contributions are automatically deducted from your pay
- Choose your investment amount and change it at any time
- Money can stay tax-deferred until payout — **even after** you separate from State service

## What's the difference?

	Traditional (pre-tax) 457(b) or 401(k)	Roth (after-tax) 457(b) or 401(k)
2011 contribution limit	Combined \$16,500	
2011 catch-up contribution limit — for those age 50 and older	Combined \$5,500	
Contribution taxable in year contributed	No	Yes
Contribution taxable in year distributed	Yes	No
Contribution earnings taxable in year distributed	Yes	No <sup>1</sup>

<sup>1</sup> Contribution earnings are not taxable in the year distributed assuming all contributions have been held in the Roth account for five consecutive years after the first Roth contribution is made AND the distribution is made after age 59½; or for death, disability, first-time home purchase, or a Roth IRA.

## Pre-tax Plan features

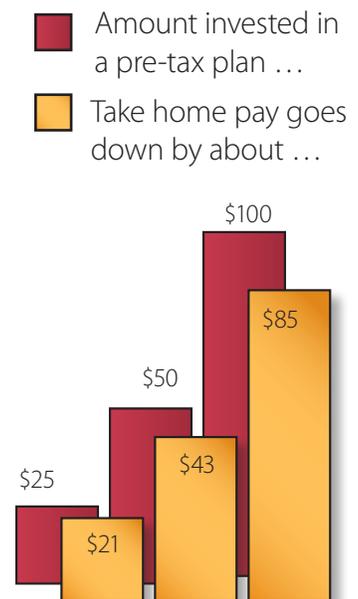
As shown in the example below, you get a jump start on your Traditional 401(k), 403(b) or 401(a) investment through payroll deduction versus investing after income taxes are taken. Accounts are not taxed until you use the money for supplemental income.

- Contributions are pre-tax — so federal taxable income is reduced by the amount of money contributed to your plan
- Contributions and any earnings grow tax-deferred until you make withdrawals. Withdrawals are then taxed as ordinary income.

### The paycheck advantage

Here's an example of the paycheck advantage for a married individual grossing \$38,000 per year who invests in a pre-tax plan.

*Example assumes a tax bracket of 15% and biweekly pay periods. Take home figures are rounded for reporting purposes.*



## Is a Roth right for you?

You may want to consider making Roth contributions if you:

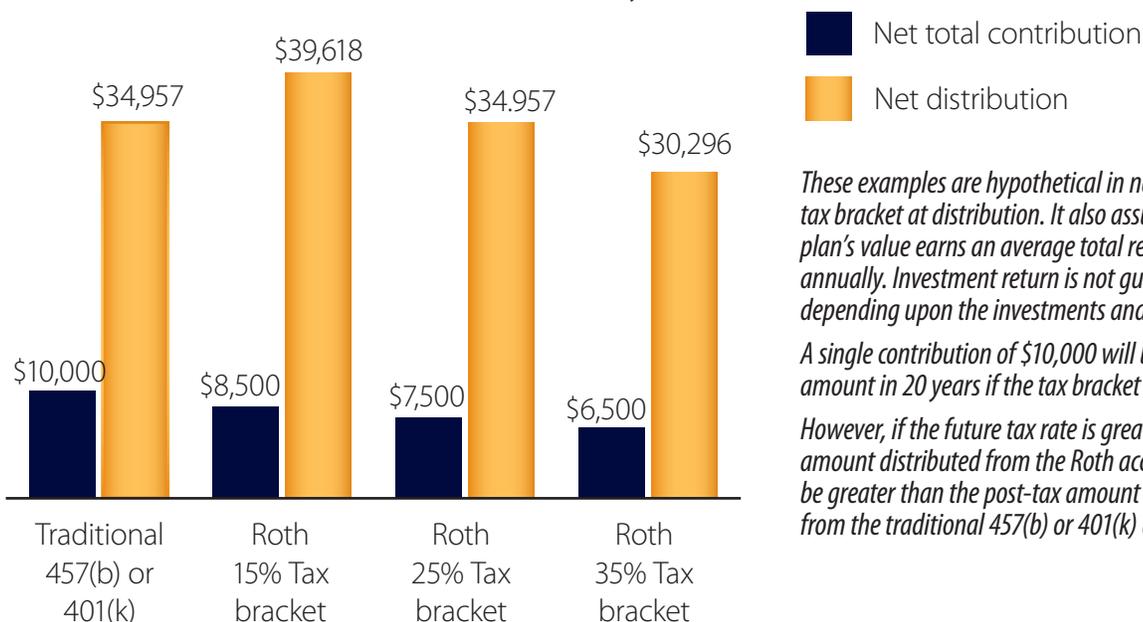
- Believe that taxes will be raised before you retire and you want to take advantage of the potential tax-free withdrawals provided for with a Roth account.
- Expect to be in a higher tax bracket upon retirement
- Are younger, with many working years ahead of you
- Are unable to contribute to a Roth IRA because of your income
- Are looking for an estate-planning tool to leave assets tax-free to heirs

*Neither Nationwide nor its representatives may offer tax or legal advice. Consult with your own counsel before making any decisions about contributing or converting your Plan assets to Roth.*

## After-tax Plan features

In a Roth 401(k) or a Roth 457(b) account, investments occur after income taxes are taken. Additionally, any earnings accounts may receive are not subject to income tax at all. Income taxes for a Roth 401(k) account are paid up front at current tax rates instead of being subject to income taxes at retirement.

### \$10,000 invested in a Traditional vs a Roth for 20-years



*These examples are hypothetical in nature and assume a 25% tax bracket at distribution. It also assumes that the retirement plan's value earns an average total return of 8% compounded annually. Investment return is not guaranteed and will vary depending upon the investments and market experience.*

*A single contribution of \$10,000 will be worth the same amount in 20 years if the tax bracket remains the same.*

*However, if the future tax rate is greater, the amount distributed from the Roth account will be greater than the post-tax amount distributed from the traditional 457(b) or 401(k) account.*



800-545-4730



enroll online

marylandDC.com

# Pre-tax Plans comparison chart

	Traditional 457(b) Deferred Compensation Plan	Traditional 401(k) Savings & Investment Plan	403(b) Tax Deferred Annuity Plan
Who's eligible to participate?	All regular and contractual State employees		State educational institution employees
Who's eligible for the State match?	All State employees in the State Employees' Alternate Contributory Pension Plan		
Are payroll deductions pre-tax?	Yes (but not for FICA)		
What's the minimum I may contribute?	\$5 per biweekly pay		
What's the maximum I may contribute?	\$16,500 in Calendar Year 2011 (may be adjusted in future years for inflation)		
May I "catch-up" in a later year?	Age 50 or older bonus: \$5,500 in Calendar Year 2011. Special 457(b) Catch-up provision available within 3 years of retirement. These two provisions may not be used in the same year.	Age 50 or older bonus: \$5,500 deferral in Calendar Year 2011	
May I contribute to more than one Plan at the same time?	Yes - but with the following limitations: <ul style="list-style-type: none"> <li>• \$16,500 457(b) and/or Roth 457 (b) + \$16,500 401(k) and/or Roth 401(k) = \$33,000/yr</li> <li>• \$16,500 457(b) and/or Roth 457 (b) + \$16,500 403(b) = \$33,000/yr</li> <li>• \$16,500 457(b) and/or Roth 457 (b) + combination of 403(b) &amp; 401(k)/Roth 401(k) not to exceed \$16,500= \$33,000/yr</li> </ul>		
How often may I change my contribution amount?	Unlimited		
What are the costs to participate?	0.19% of your account value a year, no more than \$2,000, and 50 cents per month per account.*		
What are the current investment options?	Investment Contract Pool Mutual Funds Targeted Retirement Funds (lifecycle funds)		Vanguard Money Market Mutual Funds Targeted Retirement Funds (lifecycle funds)
May I roll over money from other retirement accounts into my Maryland Supplemental Retirement account?***	Yes - from a governmental 457(b), 401(k), 403(b), thrift savings plan or IRA into your supplemental retirement account		
May I roll over my supplemental retirement account to another type of retirement account, like an IRA?	Yes - to a 457(b), 403(b), 401(k) or IRA, upon leaving State service	Yes - to a 457(b), 403(b), 401(k) or IRA, upon leaving State service or obtaining age 59½	
May I withdraw money from my account while employed?	Yes, but only at age 70½ or older, or qualify for an unforeseeable emergency withdrawal	Yes, but only at age 59½ or older, or qualify for a hardship withdrawal	
When may I begin withdrawals from my account without a penalty?***	When you leave State employment, regardless of age	If you leave State employment at age 55 or older, or age 59½ regardless of employment. Other exceptions may apply. Consult your tax or legal advisor for more information	
May I change my withdrawal option, amount or frequency once I start my payout?	Yes, excluding purchased annuities		
Must I elect my payout date when I leave State employment?	No - payouts not required until 70½ and separated from service		
Is there a loan provision and a hardship/emergency provision?	Yes/Yes		



# After-tax Plans comparison chart

	Roth 457(b) Deferred Compensation Plan	Roth 401(k) Investment Plan
Who's eligible to participate?	All regular and contractual State employees	
Who's eligible for the State match?	All State employees in the State Employees' Alternate Contributory Pension Plan	
Are payroll deductions pre-tax?	No	
What's the minimum I may contribute?	\$5 per biweekly pay	
What's the maximum I may contribute?	\$16,500 in Calendar Year 2011 (may be adjusted in future years for inflation)	
May I "catch-up" in a later year?	Age 50 or older bonus: \$5,500 in Calendar Year 2011. Special 457(b) Catch-up provision available within 3 years of retirement. These two provisions may not be used in the same year.	Age 50 or older bonus: \$5,500 deferral in Calendar Year 2011
May I contribute to more than one Plan at the same time?	<ul style="list-style-type: none"> <li>• \$16,500 457(b) and/or Roth 457 (b) + \$16,500 401(k) and/or Roth 401(k) = \$33,000/yr</li> <li>• \$16,500 457(b) and/or Roth 457 (b) + \$16,500 403(b) = \$33,000/yr</li> <li>• \$16,500 457(b) and/or Roth 457 (b) + combination of 403(b) &amp; 401(k)/Roth 401(k) not to exceed \$16,500 = \$33,000/yr</li> </ul>	
How often may I change my contribution amount?	Unlimited	
What are the costs to participate?	0.19% of your account value a year, no more than \$2,000, and 50 cents per month per account.*	
What are the current investment options?	Investment Contract Pool Mutual Funds Targeted Retirement Funds (lifecycle funds)	
May I roll over money to or from other retirement accounts into my Maryland Supplemental Retirement account?***	Yes - but only a direct rollover from another Roth 457(b) account.	Yes - but only a direct rollover from another Roth 401(k) account.
May I withdraw money from my account while employed?	Qualified distributions are not subject to federal income tax. If not a qualified distribution, investment earnings are subject to ordinary income tax and possibly a 10% early withdrawal penalty.***	
When may I begin withdrawals from my account without a penalty?***	When you leave State employment, regardless of age	If you leave State employment at age 55 or older, or age 59½ regardless of employment. Other exceptions may apply. Consult your tax or legal advisor for more information
May I change my withdrawal option, amount or frequency once I start my payout?	Yes, excluding purchased annuities	
Must I elect my payout date when I leave State employment?	No - payouts not required until 70½ and separated from service	
Is there a loan provision and a hardship/emergency provision?	No	

**NOTE: 401(a) Match Plan:** The withdrawal rules are the same for the 401(a) and 401(k) plans except that in the 401(a) plan, distributions are not permitted until separation from State service.

\*In addition, each of the mutual funds offered by the plan has fund expenses that are netted directly from the mutual fund's daily price. These will vary based upon the mutual fund selected. Also, some mutual funds may impose a short-term trade fee. Please read the underlying prospectuses carefully. NOTE: some mutual funds pay reimbursements that offset fees, see our "Mutual Fund Savings" pamphlet and your account statement for more information.

\*\* As you make decisions about rolling over assets especially qualified retirement plans and IRAs, keep in mind that each type of account has different rules about fees, when you can access your funds, surrender charges and tax penalties.

\*\*\*Withdrawals are taxed as ordinary income. Generally, a Roth 401(k) account distribution is a qualified distribution if 1) the Roth 401(k) account has been in existence for a five-year period (the five-year period begins January 1 of the year a participant first makes a Roth contribution into the plan, and 2) a participant is age 59½, or has died or become disabled under IRC section 72(m)(7) (distributions made prior to these requirements being met are non-qualified distributions, and earnings could be taxable).

**Fund prospectuses can be obtained by calling 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.**

This information is of a general and informational nature and is NOT INTENDED TO CONSTITUTE LEGAL OR INVESTMENT ADVICE. Nationwide Retirement Solutions and Nationwide Life Insurance Company (collectively "Nationwide") have endorsement relationships with the National Association of Counties, The United States Conference of Mayors, and the International Association of Fire Fighters-Financial Corporation. More information about the endorsement relationships may be found online at [www.nrsforu.com](http://www.nrsforu.com).



800-545-4730



enroll online

[marylandDC.com](http://marylandDC.com)



# Spectrum of Investment Options with Asset Allocation Questionnaire

**Investing doesn't have to be complicated.**

As a participant in the Maryland Supplemental Retirement Plans (MSRP), you have a choice of investing approaches:

**A Targeted Retirement Funds Approach**

Skip the questionnaire and choose the fund targeted to your retirement or desired income date, and let a professional money manager do the rest.

*and/or*

**B Traditional Approach**

Choose and manage individual funds on your own by completing this questionnaire to help:

**STEP 1** Identify your time horizon,

**STEP 2** Measure your risk tolerance and

**STEP 3** Direct you to a recommended asset allocation model.

These two investing approaches can be used independently or in concert with one another. Whichever choice you make, MSRP is proud to provide Maryland's State employees access to simple, cost-effective and professionally managed investment options for retirement planning.



And we're here to help you along your way!

# Introduction

Now that you've enrolled in one or more of the MSRP plans, this booklet can help you choose your funds.



## Investment option types

**MSRP Investment Contract Pool** seeks to deliver stable positive returns that, over time, may be higher than cash investments such as money market funds. MSRP Investment Contract Pool includes investment contracts that obligate the issuer of the contract to maintain principal value. Most investment contracts invest in high-quality fixed income investments (bonds) that are owned by the plan or trust.

**Bond Funds** invest in a selection of bonds. A bond is a loan by investors to a private company or the government, that pays regular interest income over a specified period of time. The borrower repays the principal (the amount borrowed) at the end of that period. The return of a bond fund is a blend of the interest earned by each of the bonds held by the fund and any gain (or loss) from selling bonds before they mature. Bond funds are subject to the same credit, inflation and interest rate risk as the underlying bonds.

**Stock (Equity) Funds** invest in a selection of stocks issued by several different companies. The return comes from dividends, if any, the appreciation in the value of the shares held, and gains (or losses) from the sale of the stocks by the fund.

- **Small-cap stocks** are issued by companies whose capitalization (the total value of the company's outstanding common stock shares) is less than \$1.6 billion.
- **Mid-cap stocks** are issued by companies whose capitalization is between \$1.6 billion and \$8.9 billion.
- **Large-cap stocks** are stocks of companies whose capitalization is more than \$8.9 billion.

**Balanced Funds** invest in a selection of both bonds and stocks. Stocks are shares of ownership in a company.

*Finally, the mutual funds that are available for investment also have costs, which are disclosed in the fund prospectuses and deducted from investment returns. Some of the mutual funds, however, refund part of the costs back to the plans, according to negotiated agreements with the MSRP Mutual Fund Savings Plan. At the Board's discretion, the savings are reinvested in the applicable funds and then distributed to invested participants' accounts. Also, as a large State retirement savings plan, MSRP maintains far greater assets in a fund than the average investor. Our substantial assets allow us to take advantage of less-expensive share classes, which means your invested contributions can potentially compound more earnings. Some mutual funds may impose a short term trade fee. Additional information on mutual fund fees are contained in the prospectus for the particular mutual fund.*

The available investment options, outlined herein, have been selected by the Board of Trustees with the assistance of its investment consultant/advisor, Mercer Investment Consulting, Inc. Plan administration, communication, enrollment services and record-keeping are performed by Nationwide Retirement Solutions, Inc. (NRS).

## What are the costs to participants?

Maryland law requires that the participants in the supplemental retirement plans pay all costs associated with the plans. The Board of Trustees collects these costs by charging fees to participating employees per account and per asset value. The Board collects a monthly fee of 50 cents from each 457(b), 401(k) and 403(b) account over \$500. The annual asset fee is currently 0.19% of a participant's account value, paid monthly. Part of this fee, 0.05%, pays for services provided by the Board. The remainder, 0.14%, pays for services provided by Nationwide Retirement Solutions. MSRP fees are assessed monthly and reported on your quarterly account statement. The maximum asset fee in 2010 is \$2,000 per account per calendar year. Additional plan account fees may be assessed at the Board's discretion. Impacted participants will be notified of any changes in fees prior to assessment.



This booklet is divided into two investing style approaches, Targeted Retirement Funds and/or Traditional. These two approaches can be used independently or in concert with one another.

### Option A: Targeted Retirement Funds

Targeted Retirement Funds are lifecycle funds — one-step portfolios where you select a target retirement date and the fund that matches the date is automatically adjusted over the years by a professional money manager.

Each Targeted Retirement Fund offers a professionally selected mix of diversified mutual fund investments and has a target retirement and/or income inception date in mind, and is rebalanced and adjusted over time to be more conservative through a retirement or income inception date.

#### This approach may appeal to:

These funds may appeal to investors who feel they do not have the time, knowledge or inclination to pick and choose a portfolio on their own. They prefer to have the selection and monitoring of their portfolio done for them.

\*Targeted Retirement Funds are managed by T. Rowe Price and are composed of other T. Rowe Price mutual funds.

*Target Maturity Funds, also known as target date funds, are asset allocation funds that are based on a targeted date as to when an investor plans to begin to withdraw money. These funds use a strategy that reallocates equity exposure to a higher percentage of fixed investments over time. As a result, the funds become more conservative over time as you approach retirement. It's important to remember that no strategy can assure a profit or prevent a loss in a declining market. The principal value of the fund(s) is not guaranteed at any time, including at the target date.*

*There are many considerations when planning for retirement. Your retirement needs, expenses, sources of income, and available assets are some important factors for you to consider in addition to the Retirement Funds. Before investing in one of these funds, also be sure to weigh your objectives, time horizon, and risk tolerance. All funds are subject to market risk, including the possible loss of principal.*

### Option B: Traditional approaches for both active and passive investors

For Traditional Approach investors, the investment options are listed from most conservative to most aggressive and active/passive fund management.

Select and manage funds using this booklet including the Asset Allocation Questionnaire, provided by Ibbotson Associates, Inc. to help determine personal investor profiles and "asset allocation model." It is recommended that investors complete this questionnaire prior to selecting funds. Risk-based asset allocation models seek to maximize potential total return based on levels of risk. This aids investment selection based on individual risk tolerance and time-horizon. The questionnaire can also be accessed online at MarylandDC.com by clicking on Investment Info, then Calculators, then Ibbotson Asset Allocation.

The funds in this booklet are divided into active and passive groupings. **Active** funds may appeal to investors who prefer to take an active role in their investment selection and enjoy picking and choosing individual funds and fund managers to create a diversified portfolio. **Passive** funds may appeal to investors who are looking for mutual funds that normally carry lower than average fees and track the markets per their selected indices to create a diversified portfolio.

*The use of asset allocation does not guarantee returns or insulate you from potential losses. Asset allocation is a rational strategy for investment selection. Simply put, it is the process of diversifying your investment dollars across different asset classes. It helps you maximize your return potential while helping to reduce your risk.*

If you choose option A, the Targeted retirement funds, you can enroll using the *EZ Enrollment Form*—just fill in your personal information, check a few boxes, sign and you're done!

**MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS**

SEND OR FAX COMPLETED FORM TO  
 Nationwide Retirement Solutions  
 11350 McCormick Road  
 Executive Plaza 3, Suite 902  
 Hunt Valley, MD 21031  
 Phone: 800-545-4730  
 Fax: 443-886-9403

**EZ Enrollment Form** (457b Plan if under age 55, 401k Plan if 55 years or older)

**PERSONAL INFORMATION** (please print)

Name \_\_\_\_\_  Male  Female

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Home Phone \_\_\_\_\_ Work Phone \_\_\_\_\_

Email Address \_\_\_\_\_

Date of Birth \_\_\_\_\_

Agency Code: \_\_\_\_\_ Payroll Type (circle answer): Regular University Contractual Other

Payroll Center Name (circle answer): Central University Other

I acknowledge that I have read the terms and conditions detailed below. I will be enrolled into the 457 plan unless I am currently 55 or older, in which case I will be enrolled in the 401(k) plan.

23 Signature \_\_\_\_\_ Date \_\_\_\_\_

Social Security Number \_\_\_\_\_

**ENROLLMENT INSTRUCTIONS**

I want to enroll in the MSRP Program today and begin contributing:

\$25 per pay period

\$ \_\_\_\_\_ per pay period

*A pre-tax payroll deduction will be invested into the T. Rowe Price Targeted Retirement Fund closest to the year in which I turn age 65. I understand that deferrals will begin on the next pay date 30 days from the date my form is received by the Program, and that upon receipt of this form I will receive a Program welcome kit. Changes can...*

# Option A: Targeted Retirement Funds

**Targeted Retirement Funds\*** offer the power of a diversified set of mutual funds in a single fund, with the added benefit of professional asset allocation.

They have an asset allocation mix among stocks, bonds and short-term instruments that is more aggressive when you're younger and gets more conservative as you prepare for and retire or take income. Choose one fund with a target retirement date closest to when you want to retire or take income or turn age 65, and the expert money managers do the rest.

*Each of the T. Rowe Price Retirement Funds are part of the MSRP Mutual Fund Savings (reimbursement) program, which reduces participant fees.*

Select the fund that best suits your target retirement date or when you will reach age 65 or decide to take income from the fund. *Note: Due to the design of Targeted Retirement Funds, investors selecting this approach normally designate 100% of their funds to one Targeted Retirement Fund (e.g. 100% in Retirement Fund 2010).*

## Automatically adjusted over time

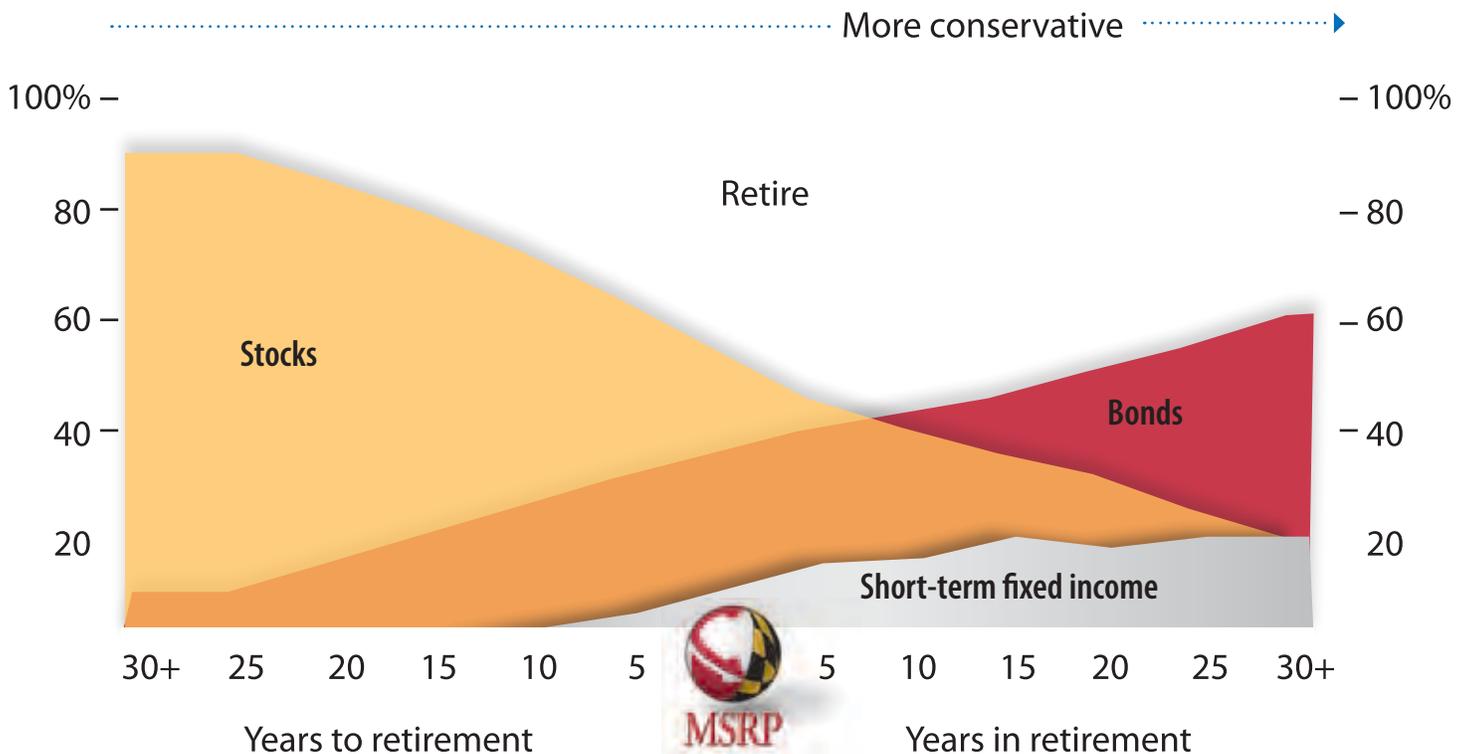
The Retirement Funds' allocations are actively managed for 30 years after their target retirement date. Retirement Funds geared toward a longer time horizon, such as 30 years or more, start out with a more aggressive risk/return potential (the potential to earn or lose money), which gradually becomes more conservative (less risky) over time.

*The Targeted Retirement Funds are mutual funds and, as with any mutual fund, you should examine the prospectus as part of your investment decision. The prospectus will contain the most complete description of the strategies and risks associated with the funds. Fund prospectuses can be obtained by calling 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 the prospectuses carefully before investing.*

\*Targeted Retirement Funds are managed by T. Rowe Price and are composed of other T. Rowe Price mutual funds.

*There is no guarantee that the investment objective of any fund will be achieved. The Targeted Retirement Funds are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, the Funds have partial exposure to the risks of many different areas of the market and you are indirectly paying a proportionate share of the applicable fees and expenses of the underlying funds.*

## How your investment mix changes over time with Targeted Retirement Funds





**NO**      **YES**

<input type="checkbox"/>	<input type="checkbox"/>

## Are Targeted Retirement Funds right for you?

1. I consider myself a beginner investor.
2. I review my investments online or in the newspaper less than once a month.
3. I have not developed a long-term retirement investment strategy.
4. I am not interested in reading information about my account and investments.
5. I would prefer to choose an investment option that is already premixed and diversified.
6. I do not want to spend time learning about different investment opportunities.
7. I'm not confident in my ability to make investment choices.

If you have more *Yes* than *No* answers, the approach offered by Targeted Retirement Funds may be appropriate for you. If you have more *No* answers, it may be more appropriate if you select your own portfolio.

### About the Retirement Income Fund

This fund is intended for investors who seek income and relative stability from bonds, plus some capital appreciation potential from stocks. It is the most conservative of the Retirement Funds, investing in a diversified portfolio of about 60% bonds and 40% stocks. Like the other Retirement Funds, this fund will have exposure to risks of many areas of the market. Unlike other Retirement Funds, the Retirement Income Fund's investment allocation does not shift over time.

### How to choose a Targeted Retirement Fund

It's easy: Once you decide that a Targeted Retirement Fund is right for you, choose the fund whose target date is closest to the year when you plan to retire or receive income. Or, you can choose a fund based on your appropriate risk tolerance.

The table at the right may help those who are planning to take income or retire at age 65.

If you were born...	This Retirement Fund may be right for you...	Ticker Symbol
In 1988 or after	T. Rowe Price Retirement 2055 Fund	TRRNK
1983 – 1987	T. Rowe Price Retirement 2050 Fund	TRRMX
1978 – 1982	T. Rowe Price Retirement 2045 Fund	TRRKX
1973 – 1977	T. Rowe Price Retirement 2040 Fund	TRRDY
1968 – 1972	T. Rowe Price Retirement 2035 Fund	TRRJX
1963 – 1967	T. Rowe Price Retirement 2030 Fund	TRRCX
1958 – 1962	T. Rowe Price Retirement 2025 Fund	TRRHX
1953 – 1957	T. Rowe Price Retirement 2020 Fund	TRRBX
1948 – 1952	T. Rowe Price Retirement 2015 Fund	TRRGX
1943 – 1947	T. Rowe Price Retirement 2010 Fund	TRRAX
1938 – 1942	T. Rowe Price Retirement 2005 Fund	TRRFY
In 1937 or before	T. Rowe Price Retirement Income Fund	TRRIX

MSRP Fund Profiles can be obtained in the *Investment Info* section of MarylandDC.com.



**STEP 1 Consider your time horizon.**

Your time horizon is the amount of time your money can stay invested before you need to withdraw it. It's an important factor in creating your investment strategy.

Check the box next to the answer that best matches your personal situation. There are no right or wrong answers. When you have answered both questions in Step 1, use the *Time Horizon Score* below to add up the point values for your answers.

**1. Given your objectives, when will you begin withdrawing your money?**

- Two years or less ..... 0 points
- Three to five years ..... 4 points
- Six to eight years ..... 7 points
- Nine to 11 years ..... 10 points
- 12 years or more ..... 12 points

**2. Once you begin making withdrawals, how long will the money need to last?**

- I need it all at once ..... 0 points
- One to five years ..... 2 points
- Six to 10 years ..... 4 points
- 11 to 19 years ..... 7 points
- 20 or more years ..... 10 points

### Time Horizon Score

Question 1 points :

+ Question 2 points :

---

**Your time horizon score\* =**

\* If your time horizon score equals 0, this questionnaire should not be used for portfolio selection.  
Source: Ibbotson Associates Inc. (2000).

**STEP 2 Find your risk tolerance.**

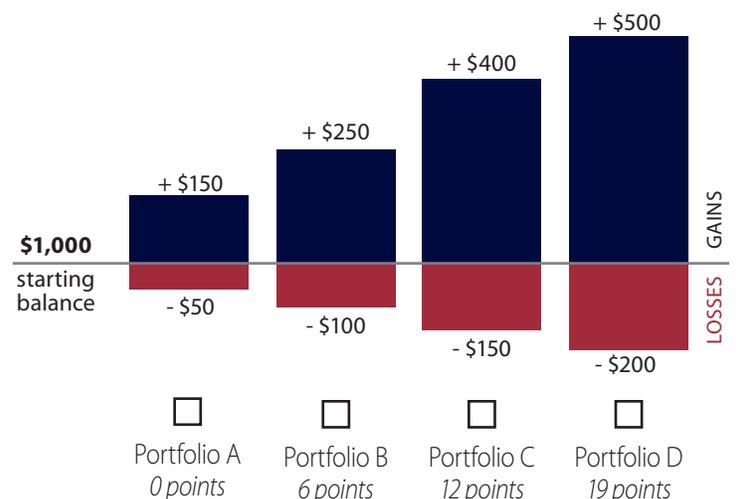
Your risk tolerance is a measure of your personal comfort with risk. That can change over time, so it's important to review your asset allocation strategy each year.

Check the box next to the answer that best matches your feelings about risk. Again, there are no right or wrong answers. When you have answered all the questions in Step 2, use the *Risk Tolerance Score* box at the end of this section to add up the point values for your answers.

**1. Inflation causes prices to rise over time. Which is more important to you—losing value in the immediate\* future or beating inflation?**

- I'm more concerned about losing value in the immediate\* future than beating inflation. .... 0 points
- I'm equally concerned about losing value in the immediate\* future as I am about beating inflation ..... 8 points
- I'm more concerned about beating inflation than I am about losing value in the immediate\* future ..... 16 points

**2. The graph below shows the performance of four different hypothetical portfolios. Each bar gives a range of potential gains or losses at the end of one year for a portfolio with a \$1,000 starting balance. Check the box below the portfolio you feel most comfortable with.**





**3. Which of the following statements best describes your attitude about investing for this account?**

- "Preserving account value is critical, so I'm willing to accept lower, long-term\* returns with conservative investments."..... 0 points
- "Some immediate loss in value is okay for a chance at higher, long-term\* returns. However, I prefer that the majority of my investments be in lower-risk assets."..... 6 points
- "Higher, long-term\* returns are important to me, so I'm willing to accept substantial declines in value in the immediate future.".. 12 points
- "Maximizing long-term\* investment returns is my primary objective, and I am willing to accept large—and sometimes dramatic—short-term\* declines in value to achieve this goal."..... 17 points

**4. If you had invested in a diversified portfolio during a stock market downturn, when would you sell your riskier investments and invest in safer assets?**

- At the first sign of a decline in value. .... 0 points
- After a large (more than 20%) and/or sustained (one year or more) decline in value..... 7 points
- I wouldn't sell any of my investments; I would continue to follow a consistent long-term\* investment strategy. .... 15 points

\* Ibbotson defines "immediate" or "short-term" as 0-5 years and "long-term" as 10-20 years.

**5. Which of the following types of investments do you feel more comfortable with?**

**An investment that might return:**

- 5% a year average over the long term, but has a 10% chance of losing value in a given year ..... 0 points
- 9% a year average over the long term, but has a 15% chance of losing value in a given year ..... 7 points
- 11% a year average over the long term, but has a 20% chance of losing value in a given year ..... 13 points
- 14% a year average over the long term, but has a 25% chance of losing value in a given year ..... 19 points

**6. How long would you wait to change your investment if it suffered a big decline in value?**

- One week..... 0 points
- One month ..... 4 points
- One quarter..... 8 points
- I wouldn't sell any of my investments; if a fund declines in value, that by itself is not a good reason to sell the fund ..... 14 points

**Risk Tolerance Score**

Question 1 points :	
Question 2 points :	
Question 3 points :	
Question 4 points :	
Question 5 points :	
<b>+</b> Question 6 points :	
<b>Your risk tolerance score =</b>	

# Asset Allocation Questionnaire

**STEP 3 Identify your Investor Profile.**

Using the answers from Steps 1 and 2, you can identify your Investor Profile used to suggest how to spread your investments across different asset classes in a manner that matches your risk tolerance and time horizon.

Use the chart to the right to find where your Time Horizon Score from page 4 intersects with your Risk Tolerance Score from page 5. Then circle your code.

		Time horizon score				
		10+	8-9	5-7	3-4	0-2
Risk tolerance score	81-100	A	MA	M	MC	C
	61-80	MA	MA	M	MC	C
	39-60	M	M	M	MC	C
	17-38	MC	MC	MC	MC	C
	0-16	C	C	C	C	C

For example:

If your **time horizon score** is **8** and your **risk tolerance score** is **57** your **Portfolio Code** would be **M** Your **investor profile** would be **"Moderate."**

**What are asset classes?**

The three major investment types (stocks, bonds and short-term investments) have subcategories called asset classes. Investments in the same asset class tend to behave similarly in the market. So, while one class declines in value another may gain value.

**Put a check mark next to your Investor Profile.**

**Aggressive**

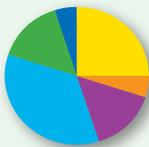
**A**



- ▲ International Stock Funds 30%
- ▲ Small-Cap Stock Funds 10%
- ▲ Mid-Cap Stock Funds 15%
- ▲ Large-Cap Stock Funds 40%
- ▲ Bond Funds 5%
- ▲ Short-Term Investments 0%

**Moderately Aggressive**

**MA**



- ▲ International Stock Funds 25%
- ▲ Small-Cap Stock Funds 5%
- ▲ Mid-Cap Stock Funds 15%
- ▲ Large-Cap Stock Funds 35%
- ▲ Bond Funds 15%
- ▲ Short-Term Investments 5%

**Moderate**

**M**



- ▲ International Stock Funds 15%
- ▲ Small-Cap Stock Funds 5%
- ▲ Mid-Cap Stock Funds 10%
- ▲ Large-Cap Stock Funds 30%
- ▲ Bond Funds 25%
- ▲ Short-Term Investments 15%

**Moderately Conservative**

**MC**



- ▲ International Stock Funds 10%
- ▲ Small-Cap Stock Funds 0%
- ▲ Mid-Cap Stock Funds 10%
- ▲ Large-Cap Stock Funds 20%
- ▲ Bond Funds 35%
- ▲ Short-Term Investments 25%

**Conservative**

**C**



- ▲ International Stock Funds 5%
- ▲ Small-Cap Stock Funds 0%
- ▲ Mid-Cap Stock Funds 5%
- ▲ Large-Cap Stock Funds 10%
- ▲ Bond Funds 40%
- ▲ Short-Term Investments 40%

\*Asset allocation models provided by Ibbotson Associates Advisors, LLC, a leading financial consulting organization.

# Selecting funds

Now that you've determined your Investor Profile on the previous page, you're ready to begin choosing the funds to include in your MSRP account. On the following pages is a list of all the funds available through your Plan.

Using your Investor Profile from the previous page as a guide, select funds from each risk category shown in the pie chart and specify the percentage (\_\_\_\_%) of your deferral to allocate to each fund.

For example, if you choose the Conservative Model, you would allocate:

- \_\_\_ 40% to Short-Term Investments
- \_\_\_ 40% to Bonds
- \_\_\_ 10% to Large-Cap Funds
- \_\_\_ 5% to Mid-Cap Funds, and
- \_\_\_ 5% to International Funds.

Ultimately, these percentages will be transferred to your *Participation Agreement* (enrollment form).

Additionally, investors may consider whether or not to choose actively- or passively-managed funds. Look for the *Active* and *Passive* boxes below in the fund line-up on the next two pages.

Active

**Active** funds may appeal to investors who prefer to take an active role in their investment selection and enjoy picking and choosing individual funds and fund managers to create a diversified portfolio.

Passive

**Passive** funds may appeal to investors who are looking for mutual funds that normally carry lower than average fees and track the markets per their selected indices to create a diversified portfolio.

Of course, investors can mix and match active and passive funds.

*The asset categories are subject to change, and MSRP makes no representation or assurance that a fund's asset category will stay the same over time. You can view this information online at MarylandDC.com.*

**MSRP Fund Profiles can be obtained in the *Investment Info* section of [MarylandDC.com](http://MarylandDC.com).**

#### About Ibbotson Associates, Inc.

The pie charts featured on pages 6, 8 and 9 reflect the asset allocation program developed by Ibbotson Associates, an industry authority on asset allocation.

This program uses a broad approach to diversify holdings across six general asset classes which include combinations of different types of stock investments, bonds and cash equivalents. It can help you determine and implement your personal investment strategy by selecting funds from the *Spectrum* that match your investment profile.

Neither MSRP nor its Board of Trustees endorses any particular asset allocation strategy and presents the models provided by Ibbotson Associates as one of many financial resources provided to MSRP Plan(s) participants.



# Funds available in your Plan

## International Stock Funds

**Active**

\_\_\_% **EuroPacific Growth Fund R6**  
**Ticker: RERGX Category: Foreign Stock**  
 Invests in strong, growing companies based chiefly in Europe and the Pacific Basin, ranging from small firms to large corporations. Invests primarily in common and preferred stocks, convertibles, American Depositary Receipts, European Depositary Receipts, bonds and cash. All holdings are non-U.S. except a nominal portion that, for liquidity purposes, may be held in U.S. dollars and/or equivalents. Normally, at least 80% of assets must be invested in securities of issuers domiciled in Europe or the Pacific Basin.

**Passive**

\_\_\_% **Vanguard Total International Stock Index Inv**  
**Ticker: VTSNX Category: Foreign Stock**  
 Vanguard Total International Stock Index Fund is an open-end fund incorporated in the USA. The Fund's objective is to match the performance of the Total International Composite Index. The Fund invests in three Vanguard funds, the European Stock Index Fund, the Pacific Stock Index Fund, and the Emerging Markets Stock Index Fund.  
*International investing involves additional risks, including: currency fluctuations, political instability and foreign regulations.*

*Ticker symbols are provided to help you research mutual funds. Information related to pricing or performance of these funds published in publicly available media such as newspapers and websites may be different than performance data and pricing specific to MSRP. To find pricing or performance related information specific to your account visit the Investment Info tab at MarylandDC.com.*  
*Asset class data provided by Mercer Investment Consulting, unless otherwise noted.*

## Small-Cap Stock Funds

**Active**

\_\_\_% **T. Rowe Price Small-Cap Stock Fund**  
**Ticker: OTCFX Category: Small-Cap Blend**  
 Ordinarily invests at least 65% of total assets in stocks and equity-related securities of small companies. A small company is defined as having market capitalization that falls within the range of companies in the Russell 2000 Index, a widely used benchmark for small-cap stock performance. Stock selection may reflect either a growth or value approach.

**Passive**

\_\_\_% **Vanguard Small-Cap Value Index Fund Inst**  
**Ticker: VSIXX Category: Small-Cap Value**  
 Seeks to track the performance of a benchmark index that measures the investment return of small-capitalization value stocks. The fund employs a passive management (or indexing) investment approach designed to track the performance of the MSCI US Small Cap Value Index.

**Passive**

\_\_\_% **Vanguard Small-Cap Growth Index Fund Inst**  
**Ticker: VSGIX Category: Small-Cap Growth**  
 Seeks to track the performance of a benchmark index that measures the investment return of small-capitalization growth stocks. The fund employs a passive management (or indexing) investment approach designed to track the performance of the MSCI US Small Cap Growth Index.  
*Small company funds involve increased risk and volatility.*

*Some mutual funds may impose a short term trade fee. Please read the underlying prospectuses carefully. Some funds may be subject to a trade restriction policy. Please review the prospectus carefully. Investing involves market risk including possible loss of principal, and there is no guarantee that investment objectives will be achieved.*

## Mid-Cap Stock Funds

**Active**

\_\_\_% **T. Rowe Price Mid-Cap Value Fund**  
**Ticker: TRMCX Category: Mid-Cap Value**  
 Invests in mid cap stocks that are potentially less volatile than a portfolio of small cap stocks. The fund focuses on established, mid-size companies with solid business fundamentals that have the potential to be future industry leaders.

**Active**

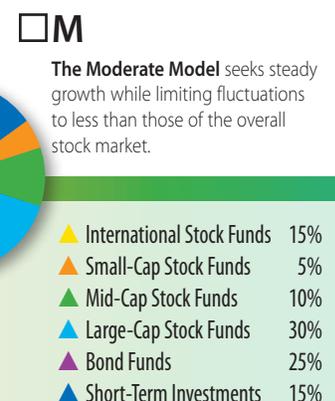
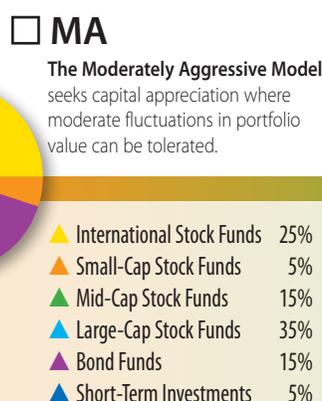
\_\_\_% **Morgan Stanley Mid-Cap Growth Fund Inst**  
**Ticker: MPEGX Category: Mid-Cap Growth**  
 Seeks long-term capital growth. The fund primarily invests in growth-oriented securities of U.S. mid-cap companies. It may invest up to 25% of net assets in securities of foreign issuers, including issuers located in emerging market countries or developing countries. The securities in which the fund may invest may be denominated in U.S. dollars or in currencies other than U.S. dollars.

**Passive**

\_\_\_% **Vanguard Mid-Cap Index Fund Inst**  
**Ticker: VMCIK Category: Mid-Cap Blend**  
 Seeks to match the performance of a benchmark index that measures the investment return of mid-capitalization stocks. The fund employs a passive management approach designed to track the performance of the MSCI US Mid Cap 450 index, a broadly diversified index of the stocks of medium-sized U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

*Please consider the fund's investment objectives, risks, and charges and expenses carefully before investing. The prospectus contains this and other important information about the investment company. Prospectuses are available by calling 1-800-545-4730.*

The pie charts from the investor questionnaire (pg 6) are reprinted here to help you select your funds.



## Large-Cap Stock Funds

### % Goldman Sachs Large-Cap Value Inst

**Active** *Ticker: GSLIX Category: Large Value*

Seeks long-term capital appreciation and normally invests at least 80% of total net assets in equity securities. It may invest up to 20% in fixed-income securities. The advisor attempts to invest primarily in the equities of companies whose intrinsic value is not reflected in the stock price.

### % Parnassus Equity Income Fund Inst

**Active** *Ticker: PRILX Category: Large Value*

A diversified, fundamental, domestic, large-cap, core equity fund with a value bias. The Fund invests principally in undervalued equity securities of larger capitalization-companies. At least 75% of the Fund's total assets will normally be invested in equity securities that pay dividends. The remaining 25% may be invested in non-dividend-paying equity securities. The Fund also takes environmental, social and governance factors into account in making investment decisions.

### % Neuberger Berman Partners Fund Inst

**Active** *Ticker: NBPIX Category: Large Blend*

Invests mainly in common stocks of mid- to large-capitalization companies. Management screens for a variety of characteristics in a company, including a strong market position relative to competitors, a high level of stock ownership among management, and a recent sharp decline in stock price that appears to be the result of a short-term market overreaction to negative news.

### % Growth Fund of America R6

**Active** *Ticker: RGAGX Category: Large Growth*

Seeks to provide long-term growth of capital through a diversified portfolio of common & preferred stocks, convertibles, U.S. government securities, bonds and cash. Emphasizes companies that appear to offer long-term growth, and may invest in cyclical companies, turnarounds and value situations. May invest up to 15% of assets in securities of issuers domiciled outside the U.S. and not included in the S&P 500 and up to 10% of assets in debt securities rated below investment grade.

### % Vanguard Value Index Fund Inst

**Passive** *Ticker: VIVIX Category: Large Value*

Seeks to track the performance of a benchmark index that measures the investment return of large-capitalization value stocks. The fund employs a passive management investment approach designed to track the performance of the MSCI US Prime Market Value index, a broadly diversified index of the stocks of large U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

### % Vanguard Institutional Index Fund IP

**Passive** *Ticker: VIIIX Category: Large Blend*

Holds all 500 stocks that make up the Standard & Poor's 500 Index in proportion to their weighting in the index. Attempts to match the performance of the index, a widely recognized benchmark of U.S. stock market performance, and remains fully invested in stocks at all times. Passive management doesn't speculate on the direction of the index. Performance typically can be expected to fall short by a small percentage, representing operating costs.

## Balanced Funds

### % Fidelity Puritan Fund

**Active** *Ticker: FPURX Category: Moderate Allocation*

Invests approximately 60% of assets in stocks and other equity securities and the remainder in bonds and other debt securities, including lower-quality debt securities, when its outlook is neutral. Invests at least 25% of total assets in fixed-income senior securities (including debt securities and preferred stock). Invests in domestic and foreign issuers.

## Bond Funds

### % PIMCO Total Return Inst

**Active** *Ticker: PTRRX Category: Intermediate Term Fixed*

Seeks maximum total return, income plus capital appreciation. The manager seeks to achieve this objective through investment in a portfolio of intermediate-term, investment grade fixed-income securities with an average duration of between three and six years.

### % Vanguard Total Bond Market Index Fund Signal Shares

**Passive** *Ticker: VBTSX Category: Intermediate-Term Bond (Effective April 20, 2011)*

Seeks to track the performance of a broad, market-weighted bond index. The fund employs a passive management, or indexing investment, approach designed to track the performance of the Barclays Capital U.S. Aggregate Float Adjusted Index. It invests by sampling the index and investing at least 80% of assets in bonds held in the index. The fund maintains a dollar-weighted average maturity consistent with that of the index, ranging between 5 and 10 years.

*Bond funds are subject to the same credit, inflation, and interest rate risk as the underlying bonds.*

## Short-Term Investments

### % Investment Contract Pool

**Active** *Ticker: N/A Category: Stable Value*

A portfolio of investment contracts placed with qualified fixed-income managers/underwriters and insurance companies. Some contracts have a fixed rate of interest for the length of the contract while others reset the rate of interest on a regular basis. The interest rate is based on earnings of the underlying investments at that time. Accounts are credited with a monthly blended rate. Available for 457(b), 401(k) and 401(a) plans only.

### % Vanguard Prime Money Market Fund Inst

**Active** *Ticker: VMRXX Category: Money Market*

Seeks to provide current income, while maintaining a stable \$1 NAV and a very short average maturity. Invests in a combination of high-quality commercial paper, certificates of deposit, bankers' acceptances, and U.S. government securities. Portfolio managers seek to add value primarily by emphasizing specific issues and sectors that appear attractively priced based on historical yield-spread relationships. Average maturity typically ranges from 30–70 days. *Available only through the 403(b) plan.*

*An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although the money market seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the money market.*

### MC

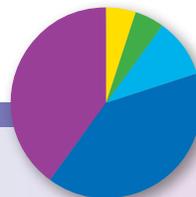
**The Moderately Conservative Model** seeks modest capital appreciation. While this range is still designed to preserve the investor's capital, fluctuations in value may occur from year to year.



▲ International Stock Funds	10%
▲ Small-Cap Stock Funds	0%
▲ Mid-Cap Stock Funds	10%
▲ Large-Cap Stock Funds	20%
▲ Bond Funds	35%
▲ Short-Term Investments	25%

### C

**The Conservative Model** seeks investment stability and liquidity with the main objective of preserving capital. Fluctuations in the value of this are typically minor.



▲ International Stock Funds	5%
▲ Small-Cap Stock Funds	0%
▲ Mid-Cap Stock Funds	5%
▲ Large-Cap Stock Funds	10%
▲ Bond Funds	40%
▲ Short-Term Investments	40%



## Contact information

### Nationwide Retirement Solutions Customer Service Center

**1-800-545-4730**

- For account information
- To make investment option exchanges and allocation changes
- To change deferral amount
- To change address, name or beneficiary
- For payout calculations in the 457(b), 401(k) and 403(b) and 401(a) plans
- To apply for a plan loan
- For financial hardship inquiries
- To enroll in the 457(b), 401(k) and 403(b) plans
- To change your deferral amount
- For mutual fund prospectuses or annual reports
- For investment option booklets
- To arrange a meeting with a representative

### Maryland/Nationwide Retirement Solutions Web Site

**[www.MarylandDC.com](http://www.MarylandDC.com)**

For information about the 457(b), 401(k), 403(b), and 401(a) plans, to enroll, to change your contribution amount, to get 24-hour account information, to make investment option exchanges and allocation changes.

### Maryland Supplemental Retirement Plans Board of Trustees and Staff

**1-410-767-8740 or 1-800-543-5605**

For educational seminars and consultations conducted by professionally qualified Board employees, and for general information about Maryland State sponsored retirement savings plans.

## MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

**Wm. Donald Schaefer Tower, 6 Saint Paul Street, Suite 200**

**Baltimore, Maryland 21202**

*Nationwide Retirement Solutions and Nationwide Life Insurance Company (collectively "Nationwide") have endorsement relationships with the National Association of Counties, The United States Conference of Mayors, and the International Association of Fire Fighters-Financial Corporation. More information about the endorsement relationships may be found online at [www.nrsforu.com](http://www.nrsforu.com).*

*Nationwide Retirement Solutions, Inc. (NRS) is the administrator for MSRP. Registered representatives of NISC (Nationwide Investment Services Corporation, member FINRA), an affiliate of NRS, provide educational and enrollment services on behalf of MSRP. Financial Integrity Resources Management, LLC (the FIRM) may provide education and marketing support services on behalf of NRS. Its Retirement Consultants are registered representatives of FSC Securities Corporation (FSC), member FINRA, SIPC. FSC and the FIRM are not affiliated with MSRP, NRS or NISC.*

# Maryland Teachers & State Employees Supplemental Retirement Plans

enroll online  
MarylandDC.com

## Investment Performance Report October 1, 2011 to December 31, 2011



The results shown represent past performance and do not represent expected future performance or experience. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's units or shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the data quoted.

Performance data current to the most recent month-end may be obtained by visiting: [MarylandDC.com](http://MarylandDC.com). Please consider the fund's investment objectives, risks, and charges and expenses carefully before investing. The underlying fund prospectuses contain this and other information about the investment company. Prospectuses are available by calling 1-800-545-4730. Read carefully before investing.

Gross expense ratios represent the fund's total operating expenses expressed as a percentage of the assets held in the fund. For more information about gross expense ratios, read the fund's prospectus. The rates of return do not reflect a maximum deduction of a 0.19% annual plan asset fee, which, if reflected, would reduce the performance shown. No account will be charged more than \$2,000 for the year. The rates for the Investment Contract Pool are after the deduction of any carrier charges. Please see other important disclosures at the end of this report.

VRU	Fixed Investment Option	Jan '12	Dec '11	Nov '11						
283	Investment Contract Pool	2.33%	2.38%	2.36%						
VRU	Variable Investment Option	Morningstar Category		1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date	Gross Expense Ratio
VRU	Short-Term Investments									
725	Vanguard Prime Money Market Fund Inst	Money Market		0.14%	0.34%	1.83%	2.17%	3.97%	10/03/1989	0.09%
	Current Yield: 0.09%									
	Citigroup 3-month T-bill			0.08%	0.12%	1.36%	1.85%			
VRU	Bonds									
654	PIMCO Total Return Fund Inst	Intermediate-Term Bond		4.16%	8.87%	8.09%	6.80%	8.28%	05/11/1987	0.46% <sup>†</sup>
	Intermediate Term Bond Index									
	Barclays Capital US Aggregate Bond			7.84%	6.77%	6.50%	5.78%			
782	Vanguard Total Bond Market Index Sgnl	Intermediate-Term Bond		7.69%	6.76%	6.49%	N/A	6.51%	09/01/2006	0.11%
	Intermediate Term Bond Index									
	Barclays Capital Intermediate Government Bond			6.08%	3.54%	5.86%	4.89%			
VRU	Balanced									
199	Fidelity Puritan Fund <sup>(a)</sup>	Moderate Allocation		0.67%	13.30%	1.81%	4.92%	10.93%	04/16/1947	0.60%
	Balanced Index									
	60% S&P 500/40% Barclays Capital Aggregate Bond			4.69%	11.60%	2.84%	4.40%			
VRU	Large-Cap Stocks									
375	Neuberger Berman Partners Fund Inst <sup>(a)</sup>	Large Blend		-11.10%	17.11%	-3.15%	3.33%	12.47%	01/17/1975	0.69%
	Large Cap Blend Index									
	Standard & Poor's 500 Index			2.11%	14.11%	-0.25%	2.92%			
740	Vanguard Instl Index Fund Plus	Large Blend		2.12%	14.18%	-0.20%	2.97%	4.15%	07/07/1997	0.02%
	Large Cap Blend Index									
	Standard & Poor's 500 Index			2.11%	14.11%	-0.25%	2.92%			
856	Parnassus Equity Income Fund Fund Inst <sup>(a)</sup>	Large Blend		3.40%	13.30%	5.15%	6.32%	9.58%	08/31/1992	0.75%
	Large Cap Blend Index									
	Standard & Poor's 500 Index			2.11%	14.11%	-0.25%	2.92%			
834	American Funds Growth Fund of America R6	Large Growth		-4.53%	13.22%	-0.25%	3.97%	13.54%	11/30/1973	0.33%
	Large Cap Growth Index									
	Russell 1000 Growth			2.64%	18.02%	2.50%	2.60%			
776	Goldman Sachs Large Cap Value Inst <sup>(a)</sup>	Large Value		-7.45%	9.27%	-3.11%	3.58%	3.38%	12/15/1999	0.77%
	Large Cap Value Index									
	Russell 1000 Value			0.39%	11.55%	-2.64%	3.89%			
844	Vanguard Value Index Fund Inst	Large Value		1.17%	11.54%	-2.27%	3.54%	3.07%	07/02/1998	0.08%
	Large Cap Value Index									
	MSCI US Prime Market Value Index			-1.54%	8.35%	-5.16%	0.94%			
VRU	Mid-Cap Stocks									
899	Vanguard Midcap Index Inst Plus	Mid Cap Blend		-1.73%	N/A	N/A	N/A	0.19%	12/09/2010	0.06%
	Mid Cap Blend Index									
	S&P 400 Midcap Index			1.73%	19.57%	3.32%	7.04%			
846	Morgan Stanley Institutional Fund Trust Inst	Mid Cap Growth		-6.89%	25.63%	5.15%	7.27%	12.61%	03/30/1990	0.69%
	Mid Cap Growth Index									
	Russell Midcap Growth			-1.65%	22.06%	2.44%	5.29%			
802	T. Rowe Price Midcap Value <sup>(a)</sup>	Mid Cap Value		-4.82%	17.59%	1.36%	7.96%	10.47%	06/28/1996	0.81%
	Mid Cap Value Index									
	Russell Midcap Value			-1.38%	18.19%	0.04%	7.67%			

VRU	Variable Investment Option	Morningstar Category	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date	Gross Expense Ratio
<b>VRU Small-Cap Stocks</b>									
526	<b>T. Rowe Price Small Cap Stock Fund</b> <sup>(a)</sup>	Small Blend	-0.09%	22.39%	3.72%	7.07%	12.84%	06/01/1956	0.92%
	Small Cap Blend Index								
	Russell 2000 Blend		-4.18%	15.63%	0.15%	5.62%			
726	<b>Vanguard Small Cap Growth Index Fund</b>	Small Cap Growth	-1.40%	22.43%	3.90%	7.61%	6.91%	05/24/2000	0.08%
	Small Cap Growth Index								
	MSCI US Small Cap Growth		-1.90%	21.79%	3.36%	5.76%			
839	<b>Vanguard Small Cap Value Index Fund Inst</b>	Small Cap Value	-3.97%	16.19%	-0.14%	6.30%	8.35%	12/07/1999	0.19%
	Small Cap Value Index								
	MSCI US Small Cap Value		-6.22%	13.27%	-2.65%	5.10%			
<b>VRU International Stocks</b>									
835	<b>American Funds Euro Pacific Growth R6</b>	Foreign Large Blend	-13.31%	9.91%	-1.13%	6.88%	11.46%	04/16/1984	0.50%
	International Index								
	MSCI EAFE (Net)		-12.14%	7.65%	-4.72%	4.67%			
883	<b>Vanguard Total International Stock Index Inst</b>	Foreign Large Blend	-14.51%	N/A	N/A	N/A	-7.80%	11/29/2010	0.15%
	International Index								
	MSCI All Country World Ex US		-13.71%	10.70%	-2.92%	6.31%			
<b>VRU Retirement Funds*</b>									
724	<b>T. Rowe Price Retirement Income Fund</b> <sup>(a)</sup>	Retirement Income	1.43%	10.88%	3.37%	N/A	6.44%	09/30/2002	0.56%
	Combined Index Portfolio Income		1.81%	8.09%	2.57%	N/A			
715	<b>T. Rowe Price Retirement 2005 Fund</b> <sup>(a)</sup>	Target-Date 2000-2010	1.43%	12.10%	3.16%	N/A	5.08%	02/27/2004	0.58%
	Combined Index Portfolio 2005		2.38%	9.67%	2.64%	N/A			
716	<b>T. Rowe Price Retirement 2010 Fund</b> <sup>(a)</sup>	Target-Date 2000-2010	0.54%	13.18%	2.53%	N/A	7.68%	09/30/2002	0.61%
	Combined Index Portfolio 2010		1.80%	10.71%	2.17%	N/A			
717	<b>T. Rowe Price Retirement 2015 Fund</b> <sup>(a)</sup>	Target Date 2011-2015	-0.32%	14.21%	2.11%	N/A	4.98%	02/27/2004	0.65%
	Combined Index Portfolio 2015		1.11%	11.59%	1.73%	N/A			
718	<b>T. Rowe Price Retirement 2020 Fund</b> <sup>(a)</sup>	Target Date 2016-2020	-1.20%	15.01%	1.55%	N/A	8.07%	09/30/2002	0.69%
	Combined Index Portfolio 2020		0.47%	12.29%	1.23%	N/A			
719	<b>T. Rowe Price Retirement 2025 Fund</b> <sup>(a)</sup>	Target Date 2021-2025	-2.06%	15.48%	1.06%	N/A	4.76%	02/27/2004	0.72%
	Combined Index Portfolio 2025		-0.20%	12.83%	0.78%	N/A			
720	<b>T. Rowe Price Retirement 2030 Fund</b> <sup>(a)</sup>	Target Date 2026-2030	-2.70%	15.92%	0.69%	N/A	8.26%	09/30/2002	0.74%
	Combined Index Portfolio 2030		-0.80%	13.20%	0.40%	N/A			
721	<b>T. Rowe Price Retirement 2035 Fund</b> <sup>(a)</sup>	Target Date 2031-2035	-3.26%	16.10%	0.43%	N/A	4.53%	02/27/2004	0.76%
	Combined Index Portfolio 2035		-1.36%	13.44%	0.15%	N/A			
722	<b>T. Rowe Price Retirement 2040 Fund</b> <sup>(a)</sup>	Target Date 2036-2040	-3.49%	16.07%	0.42%	N/A	8.14%	09/30/2002	0.76%
	Combined Index Portfolio 2040		-1.46%	13.43%	0.14%	N/A			
723	<b>T. Rowe Price Retirement 2045 Fund</b> <sup>(a)</sup>	Target Date 2041-2045	-3.47%	16.06%	0.43%	N/A	4.07%	05/31/2005	0.76%
	Combined Index Portfolio 2045		-1.46%	13.43%	0.14%	N/A			
728	<b>T. Rowe Price Retirement 2050 Fund</b> <sup>(a)</sup>	Target Date 2050+	-3.36%	16.05%	0.43%	N/A	0.43%	12/29/2006	0.76%
	Combined Index Portfolio 2050		-1.46%	13.43%	0.14%	N/A			
729	<b>T. Rowe Price Retirement 2055 Fund</b> <sup>(a)</sup>	Target Date 2050+	3.35%	16.07%	0.41%	N/A	0.41%	12/29/2006	0.76%
	Combined Index Portfolio 2055		-1.46%	13.43%	0.14%	N/A			

† **Voluntary fee waiver that can be changed at anytime.**

<sup>(a)</sup> **Part of the MSRP Mutual Fund Savings (reimbursement) Program.**

Fund expense ratio data provided by Morningstar®. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Although data is gathered from reliable sources, data accuracy and completeness cannot be guaranteed.

**Nationwide Fixed Annuity [457(b) plan only]  
Average Quarterly Annualized Crediting**

This option is closed to deferrals and transfers from other investment options.

1st Qtr 12	4th Qtr 11	3rd Qtr 11	2nd Qtr 11
4.05%	4.10%	4.10%	4.10%

Note: The above yields were supplied by Nationwide Retirement Solutions. They are a weighted average of all money held in this investment option, which consists of seven separate pools. The yields do not reflect the deduction of the annual asset fee. The annual asset fee is 0.19%. No account will be charged more than \$2,000 in 2011. The actual yield credited to your account may be higher or lower than the yield reflected above. The Nationwide Fixed Group Annuity is issued by Nationwide Life Insurance Company, Columbus, OH. Contract #Life 2183. The 2011 minimum guaranteed yield is 3.60%. Guarantees and protections are subject to the claims paying ability of Nationwide Life Insurance Company.

**ATTACHMENT N**

**Great West Certificates [403(b) plan only]  
Quarterly Effective Gross Annual Rates**

This option is closed to deferrals and transfers from other investment options.

	1st Qtr 12	4th Qtr 11	3rd Qtr 11
Dig Fund	4.00%	4.00%	4.00%
36-Mo. Certificate	4.00%	4.00%	4.00%
60-Mo. Certificate	4.00%	4.00%	4.00%
84-Mo. Certificate	4.00%	4.00%	4.00%

Note: The rates do not reflect the deduction of the annual asset fee. The annual asset fee is 0.19%. No account will be charged more than \$2,000 for the year.

## Contact us

### Enrollment and Information Hotline

1-800-545-4730.

For information about the match, to enroll in the 457(b), 401(k) and 403(b) plans, or to change your contribution amount

### Nationwide Retirement Solutions Web Site

MarylandDC.com

For information about the 457(b), 401(k), 403(b), and 401(a) plans, to enroll, to change your contribution amount, to get 24-hour account information, to make investment option exchanges and allocation changes

### Nationwide Retirement Solutions Baltimore Office

(443) 886-9402 or 1-800-966-6355

To enroll in the 457(b), 401(k) and 403(b) plans, to change your deferral amount, for mutual fund prospectuses or annual reports, for investment option booklets, or to arrange a meeting with a representative

### Nationwide Retirement Solutions Customer Service Center

1-800-545-4730

For account information, to make investment option exchanges and allocation changes, to change address, name or beneficiary, for payout calculations in the 457(b), 401(k) and 403(b) and 401(a) plans, and for financial hardship inquiries

### Maryland Teachers & State Employees Supplemental Retirement Agency Automated Performance Line & "Question/Suggestion Box-By-Phone"

410-767-8740 or 1-800-543-5605

For information about the Maryland Supplemental Retirement Plans, for investment option booklets, to arrange educational seminars and for other general information

### MSRP Web Site

msrp.state.md.us

For the latest MSRP news, information available on the Board of Trustees and staff, newsletters, investment options booklets, legislation updates, and more

Nationwide Retirement Solutions, Inc. (NRS) is the administrator for MSRP. Registered representatives of NISC (Nationwide Investment Services Corporation, member FINRA), an affiliate of NRS, provide educational and enrollment services on behalf of MSRP. Financial Integrity Resources Management, LLC (the FIRM) may provide education and marketing support services on behalf of NRS. Its Retirement Consultants are registered representatives of FSC Securities Corporation (FSC), member FINRA, SIPC. FSC and the FIRM are not affiliated with MSRP, NRS or NISC.

## RISK DISCLOSURES

**Money market funds: Investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other federal government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.**

The money market current yield is the annualized historical yield for the 7-day period ending on the last day of the calendar quarter. Yield quotation more closely reflects the current earnings of the money market fund than the total return quotation.

**T. Rowe Price Retirement Income Funds:** It's important to remember that no strategy can assure a profit or prevent a loss in a declining market. The principal value of the fund(s) is not guaranteed at any time, including the target date.

**International/emerging markets funds:** Investing internationally involves risks not associated with investing solely in the U.S., such as currency fluctuation, political risk, differences in accounting and the limited availability of information.

**Small company funds:** Stocks of small or emerging companies may have less liquidity than those of larger, established companies and may be subject to greater price volatility and risk than the overall stock market.

**Bond funds:** Bond funds have the same interest rate, inflation and credit risks that are associated with the underlying bonds owned by the fund.

Some mutual funds may impose a short term trade fee. Please read the underlying prospectuses carefully.

### IMPORTANT DISCLOSURES

**Investment Contract Pool** available for 457(b), 401(k) and 401(a) plans only.

**Vanguard Prime Money Market Fund** available for 403(b) plan only.

Investing involves market risk, including the possible loss of principal.

Inception Date is the date the underlying fund was established. Some mutual funds may impose a short term trade fee. Some funds may be subject to a trade restriction policy. Please read the underlying prospectus carefully.

**Market indices have been provided for comparison purposes only; they are unmanaged and no fees and expenses have been reflected here. Individuals cannot invest directly in an index.**

Fund category data provided by Morningstar®. ©2011 Morningstar, Inc. All Rights Reserved. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Although data is gathered from reliable sources, data accuracy and completeness cannot be guaranteed.

Nationwide Retirement Solutions and Nationwide Life Insurance Company (collectively "Nationwide") have endorsement relationships with the National Association of Counties, The United States Conference of Mayors, and the International Association of Fire Fighters-Financial Corporation. More information about the endorsement relationships may be found online at [www.nrsforu.com](http://www.nrsforu.com).

©2011, Nationwide Retirement Solutions, Inc. One Nationwide Blvd.

Columbus OH 43215 All Rights Reserved. Nationwide is a service mark of Nationwide Mutual Insurance Company.