



FOR THE FISCAL YEAR
ENDED DECEMBER 31,
2021 AND 2020

ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE MARYLAND TEACHERS & STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

401(k), 457(b), 403(b), 401(a) Plans

A Fiduciary Trust Fund of the State of Maryland



Lawrence Hogan, Jr. Governor

Boyd Rutherford, Lt. Governor

T. Eloise Foster, Chair, Board of Trustees

Ronda Butler Bell, Executive Director

Debra L. Roberts, Chief Financial Officer



Annual Comprehensive Financial Report

of the Maryland Teachers & State Employees Supplemental Retirement Plans

A Fiduciary Trust Fund of the State of Maryland

For the Fiscal Years Ended
December 31, 2021 and 2020

401(k), 457(b), 403(b) and 401(a) Plans

Prepared by:

Debra L. Roberts Ph.D. CPA, Chief Financial Officer
Thomas M. Brandt, Jr. Chairman Audit Committee
Nakeia Smith, Finance and Compliance Administrator

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Introductory Section (Unaudited)

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021



MSRP

*Maryland
Teachers & State Employees
Supplemental Retirement Plans*

457 • 401(k) • 403(b) • Match

BOARD OF TRUSTEES

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Fax: 410-659-0349

*Visit the MSRP Board website at
<http://MSRP.maryland.gov>*

*Call About the Plans
or to Enroll
1-800-545-4730
or Enroll on-line at
www.MarylandDC.com*

A letter from the Honorable T. Eloise Foster, Board Chair

On behalf of the Board of Trustees of the Maryland Teachers & State Employees Supplemental Retirement Plans (MSRP), I am pleased to present our Annual Comprehensive Financial Report for the year ended December 31, 2021. This is our eleventh year using this expanded report format, and we believe it consistently produces quality information in a comprehensive manner that fosters and solidifies participants' confidence in the Plans.

Due to the global outbreak of COVID-19, 2020 was a year of unprecedented challenges and changes for MSRP. In spite of the impact of the pandemic, MSRP was able to close Calendar Year 2021 on a positive note. As of December 31, 2021, net assets in the Plans totaled \$5.58 billion, an increase of 13% over the prior year. The Plans strong outcome is mainly due to positive investment returns in U.S. and Non-U.S. equities. Late last year State Treasurer Nancy Kopp retired from Maryland state government after completing 40+ years of public service and resigned from the MSRP Board. Treasurer Kopp has been a strong advocate of the Plans since they were initiated. Her institutional knowledge and thoughtful suggestions will be missed. Ms. Kopp was replaced on the Board by her successor, the Honorable Dereck Davis.

MSRP views 2021 as the year of "socially distancing, while staying in touch". Our team continued to ensure Plan Participants were supported with the educational tools and other resources needed to become retirement ready. As a result, MSRP was awarded first place in the Eddy Award Competition for its leadership and innovative efforts in providing multiple education session, using multiple technological applications. Webinar sessions were conducted for nearly 13,600 employees and the 2021 Virtual Savings Symposium was a huge success story. Over 20,000 attendants participated in the education and training sessions. To ensure we are communicating with participants on a regular basis, a quarterly MSRP magazine has been developed and is available on line at www.marylanddc.com.

Finally, for the eleventh consecutive year, MSRP has received the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting. We are very proud of this recognition because it signifies the sound administration of the MSRP Plans and gives state employees confidence that MSRP can help them prepare successfully for retirement.

T. Eloise Foster
Board Chair



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Maryland Teachers & State Employees
Supplemental Retirement Plans**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

A Year of Award Winning Collaboration for Financial Education

In 2021, the Member Services Education Team (MSE) offered innovative solutions throughout the year to fulfill the mission of educating employees while dealing with communication and outreach challenges stemming from the continued pandemic.



NAGDCA LEADERSHIP AWARD and PENSIONS AND INVESTMENTS EDDY AWARD: The team's educational efforts were acknowledged with the 2021 NAGDCA Leadership Award. This Award recognizes the brightest ideas and most innovative solutions across the public sector defined contribution industry. We also received the PENSIONS AND INVESTMENTS EDDY Award in recognition of our Covid-related plan communications efforts throughout 2021.



Our Award submissions ["Social Distancing - But Not Alone"](#) outlined a variety of successful collaborative efforts between MSRP and Nationwide, the Plan's Third Party Administrator, to deliver employee education remotely using multiple engaging and innovative technologies. Through technology, MSRP maintained or exceeded contribution levels, enrollments, and engagement from previous years, despite the major disruption caused by the pandemic.

COLLABORATION: Our collaborative educational campaigns with Nationwide, such as the combined MSRP virtual "Saving\$ Symposium" and Nationwide virtual "Benefits Booth", were acknowledged by NAGDCA as a model for successful collaboration between different groups within large Defined Contribution Plans such as ours. This campaign included financial webinars delivered by MSRP at the Symposium, which were followed up with a direct link to the Nationwide virtual "Benefits Booth" for

further education and individual virtual appointments. We also collaborated with Nationwide and assisted with the initial publication of the "[MSRP Magazine](#)". The (bi-annual) magazine was distributed to employees via email, and is available through the MarylandDC.com website as well as hard copy for distribution at in-person events.

Additional collaborative programs enacted in 2021 included a new tracking system that ensures that 100% of inquiries received through MSRP regarding enrollments and other account requests receive a timely response from assigned Nationwide Representatives.

MSRP also partnered with experts from the State Retirement Agency as well as other agencies and incorporated them as guest presenters in our webinar lineup.

NEW WEBINAR SERIES: The team continued to offer 15-20 monthly financial webinars focused on early, mid, and late career employees. In the first quarter, we presented the "Rethink, Review, and Reset Your Finances" series to set the framework for good money habits, establishing an emergency savings account, and investing with MSRP. We also began offering a "Building Blocks Series", which covers key topics for financial success: "The Basics of MSRP", "Build Your Investment Knowledge", and "Ready, Set, Retire!".

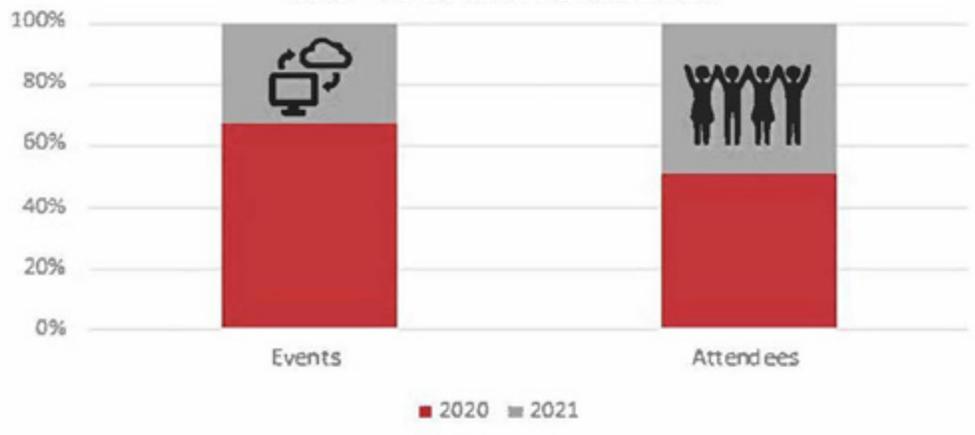


*Our mission is to demonstrate our commitment
to State employees by providing them with the
best in financial and retirement education.*

SECOND ANNUAL VIRTUAL SAVING\$ SYMPOSIUM: MSRP hosted its second annual Virtual Saving\$ Symposium - a three-day event in October 2021 held during National Retirement Security Week. The virtual format attracted 5 times more attendees than our in person pre-pandemic Savings Expos, reflecting a broader reach across the State.

After many months of overwhelming pandemic-related statewide virtual meetings and webinars, the team assessed that fewer events focusing on essential topics would yield employee attendance results similar to those in prior years. The chart below shows that our assessment was correct.

Fewer events in 2021 with approximately same % attendees as 2020







MSRP

*Maryland
Teachers & State Employees
Supplemental Retirement Plans*

457 • 401(k) • 403(b) • Match

B O A R D O F T R U S T E E S

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Board Chair

Thomas M. Brandt, Jr.
Hon. Dereck E. Davis
Lynne M. Durbin, Esq.
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S T A F F

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**October 5, 2022
Letter of Transmittal**

Honorable Board Chair, Members of the Board of Trustees and Plan Participants:

It is our pleasure to present the 2021 Annual Comprehensive Financial Report (“ACFR”) of the Maryland Teachers & State Employees Supplemental Retirement Plans (the “Plans”). The Plans consist of four separate defined contribution plans: the 457(b); 401(k); 403(b); and 401(a) Match Plan. Together, the Plans constitute fiduciary funds of the State of Maryland, administered by the Board of Trustees of the Maryland Teachers & State Employees Supplemental Retirement Plans (the “Board”).

The Plans are authorized and established by legislation, as indicated in the notes to the basic financial statements. Summaries of Plan provisions are presented herein as well. The purpose of the Plans is to provide benefits for all State of Maryland employees who have elected to participate. Services provided by Board staff are performed to meet this objective.

Management assumes full responsibility for the completeness and reliability of the information contained in this ACFR, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable (rather than absolute) assurance that the financial statements are free of any material misstatement.

RSM US LLP, a firm of licensed certified public accountants, has issued an unmodified (i.e., “clean”) opinion on the Plans’ financial statements for the calendar year ended December 31, 2021. The independent public accountants’ report is located at the front of the Financial Section of this ACFR.

For financial reporting purposes, the Plans follow generally accepted accounting principles as set forth by the Government Accounting Standards Board. In addition to this letter of transmittal, additional narrative, overview, and analysis can be found in the Management’s Discussion and Analysis in the Financial Section of the ACFR.

At the end of 2021 the Plans ended with \$5.58, nearly \$6 billion in assets. This is an all-time high for the Plans. The increases were primarily attributable to strong investment performance, particularly in the U.S. and non-U.S. equity, with returns in these asset classes exceeding 22%. The Plan participation rate remained stable at 80.23% of eligible employees, with over 44.3% actively making contributions to the Plans.

Economic Outlook and Condition

The value of Plan assets increased by \$635.5 million, or 12.9% , from \$4.94 billion on December 31, 2020, to \$5.58 billion on December 31, 2021. Employee contributions into the Plans increased by \$10.3 million, or 6%, to \$190.2 million for the year ended December 31, 2021, from \$179.9 million for the prior year. U.S. and international investment returns netted an overall increase of 13% for the year ended December 31, 2021, as compared to a 13% increase during the 4th quarter of 2020.

A comparative analysis of rates of return of MSRP investments and their respective benchmarks is presented in the Investment Section of this ACFR, along with schedules of management fees and information relevant to evaluation of asset quality.

Revenues and Expenses – Board & Staff

The resources necessary to oversee and manage the Plans are funded by fees collected from MSRP participant accounts. The Board collects a share of participant fee which is a 0.0425% asset fee and a monthly \$0.50 per account fee charged to all accounts over \$500, *not including accounts in the 401(a) Match Plan*. MSRP maintains a reserve balance to accommodate fluctuations and timing differences between revenues and expenses. The Board's reserve balance at the end of December 31, 2021 was \$1,255,359.

Items of Note and Initiatives

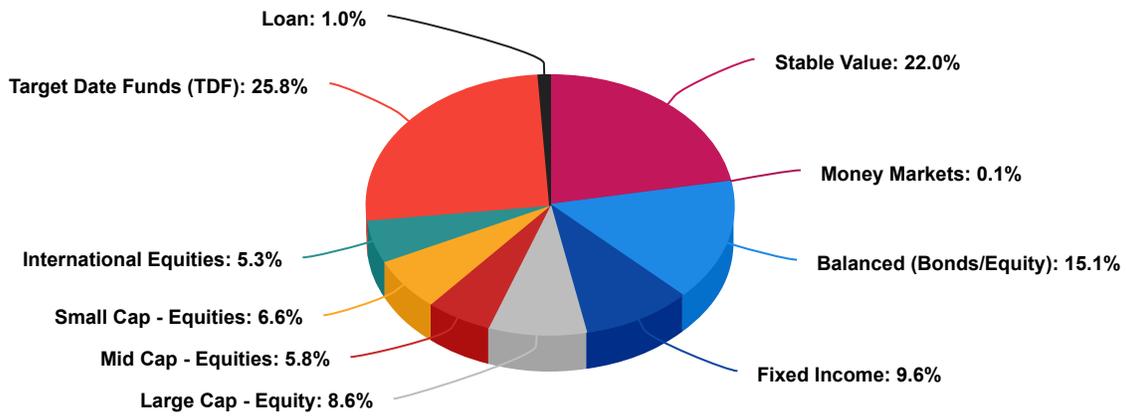
In 2021, the Board voted and approved the contract for independent audit services from RSM US LLP. The contract term will cover calendar years 2020-2025 and includes agreed-upon procedures. Also, the Board approved a five-month asset fee holiday to reduce the MSRP cash reserve balance from \$1,443,070 to \$1,100,000; the per account fee will not be subject to the fee holiday which began March 2021 and ended in July 2021. Also, the Board approved a permanent asset-based fee reduction, from 0.0425% to 0.0325% during the first quarter of fiscal year 2022. This reduction in fees is a value added benefit to participants and serves to stabilize the board cash reserve.

Investments

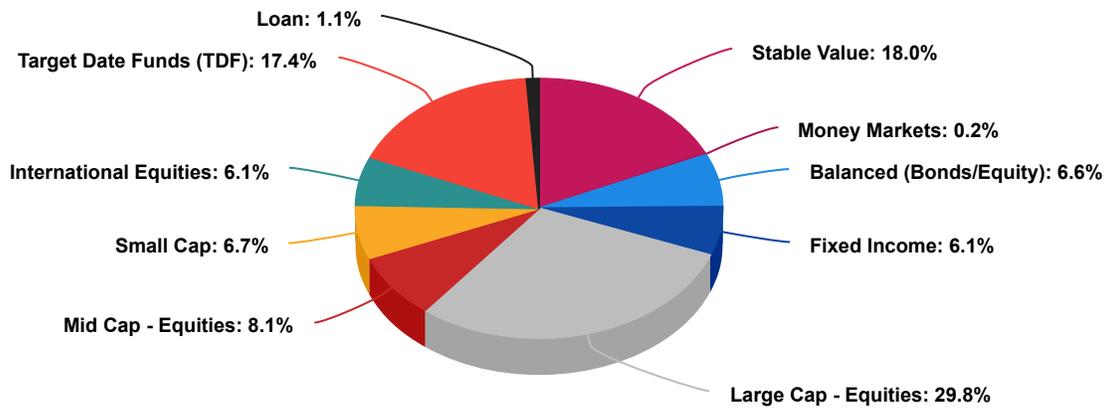
The Plans are long-term retirement savings vehicles and are intended as a source of retirement income for voluntary participants. A summary of the Statement of Investment Policy for the Plans is included in the Investment Section of this ACFR. The following charts set forth the asset allocation for the Plans as of December 31, 2021 and 2020, respectively. See the Investment Section of the ACFR for a more detailed analysis and additional information.

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Asset Allocation as of December 31, 2021



Asset Allocation as of December 31, 2020



Professional Services

The Board contracts for the services of various independent consulting, investment advisory, and financial professionals to assist it in carrying out its responsibility to manage the Plans; Nationwide Retirement Solutions performs plan administration and record-keeping services. RSM US LLP, an independent auditing firm, conducts annual audits of the Plans. Nationwide also provides through JP Morgan as custodial banking services for the Plans. On August 31, 2021, T.Rowe Price was awarded the contract as our new Stable Value Manager for the investment contract pool. Segal Advisors is the investment advisor and general Plan consultant.

The independent public accountant's report on the basic financial statements is included in the Financial Section of this ACFR. The Investment Advisor's Report prepared by Segal Marco Advisors is included in the Investment Section beginning on page 59.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to MSRP for its Annual Comprehensive Financial Report (ACFR) for the calendar year ended December 31, 2020. This was the eleventh consecutive year that MSRP has achieved this prestigious award. In order to be awarded a Certificate of Achievement, an agency must publish an easily-readable and efficiently-organized annual comprehensive financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year. We believe that our 2021 ACFR continues to meet the Certificate of Achievement Program's requirements, and we will be submitting it to the GFOA to determine its eligibility for another Certificate of Achievement.

As a direct result of the innovation displayed in 2020 by the Member Services team in response to the COVID-19 pandemic, MSRP was awarded the 2021 *National Association of Government Defined Contribution Administrators Leadership Award in Technology and Interactive Multimedia*.

Acknowledgements

Preparation of this ACFR would not have been possible without the dedicated and efficient service of the entire MSRP staff and the Audit Committee Chair, Mr. Thomas M. Brandt Jr. We express our appreciation to all staff that assisted and contributed to the preparation of this ACFR. Credit must also be given to the Board for its unfailing support and high standards of professionalism in the management of the Plans.

Very truly yours,



Thomas M. Brandt, Jr.
Audit Committee Chairman



Ronda Butler Bell, MPA
Executive Director
Secretary to the Board of Trustees



Debra L. Roberts, Ph.D. CPA
Deputy Director
Chief Financial Officer

ABOUT THE BOARD

The Maryland Supplemental Retirement Plans are administered by a nine-member Board of Trustees whose members are appointed by the Governor of Maryland to staggered four-year terms. Of the nine members:

- Three members must be from any of the following units of State government:
 - the Department of Budget and Management;
 - the Department of Education;
 - the Comptroller of the Treasury;
 - the Office of the State Treasurer;
 - the State Retirement Agency; or
 - the Maryland Higher Education Commission;
- Three members must be eligible to participate in one or more of the Plans, at least one of whom is eligible to participate in the 403(b) plan; and
- Three members from the public who are not eligible to participate in the Plans, at least one of whom has experience with defined contribution and salary reduction plans.

MSRP Board of Trustees



T. Eloise Foster, Board Chair
Former Secretary, Department of
Budget and Management
Eligible Member



Dereck E. Davis
Treasurer
State Agency Member



Johnathan R. West
Department of Budget and
Management
State Agency Member



Thomas M. Brandt, Jr.
Public Member



Lynne M. Durbin, Esq.
Public Member

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Not
Available

Jaclyn D. Hartman
Eligible Member



Thomas P. Hickey
Chief Procurement Officer
University System of Maryland
Eligible 403(b) Member



John D. Lewis
Public Member

Vacant
Eligible Member

MAJOR PROFESSIONAL SERVICE PROVIDERS

Plan Administration

NRS, a subsidiary of Nationwide Financial Services, Inc.

Independent Investment Consultants

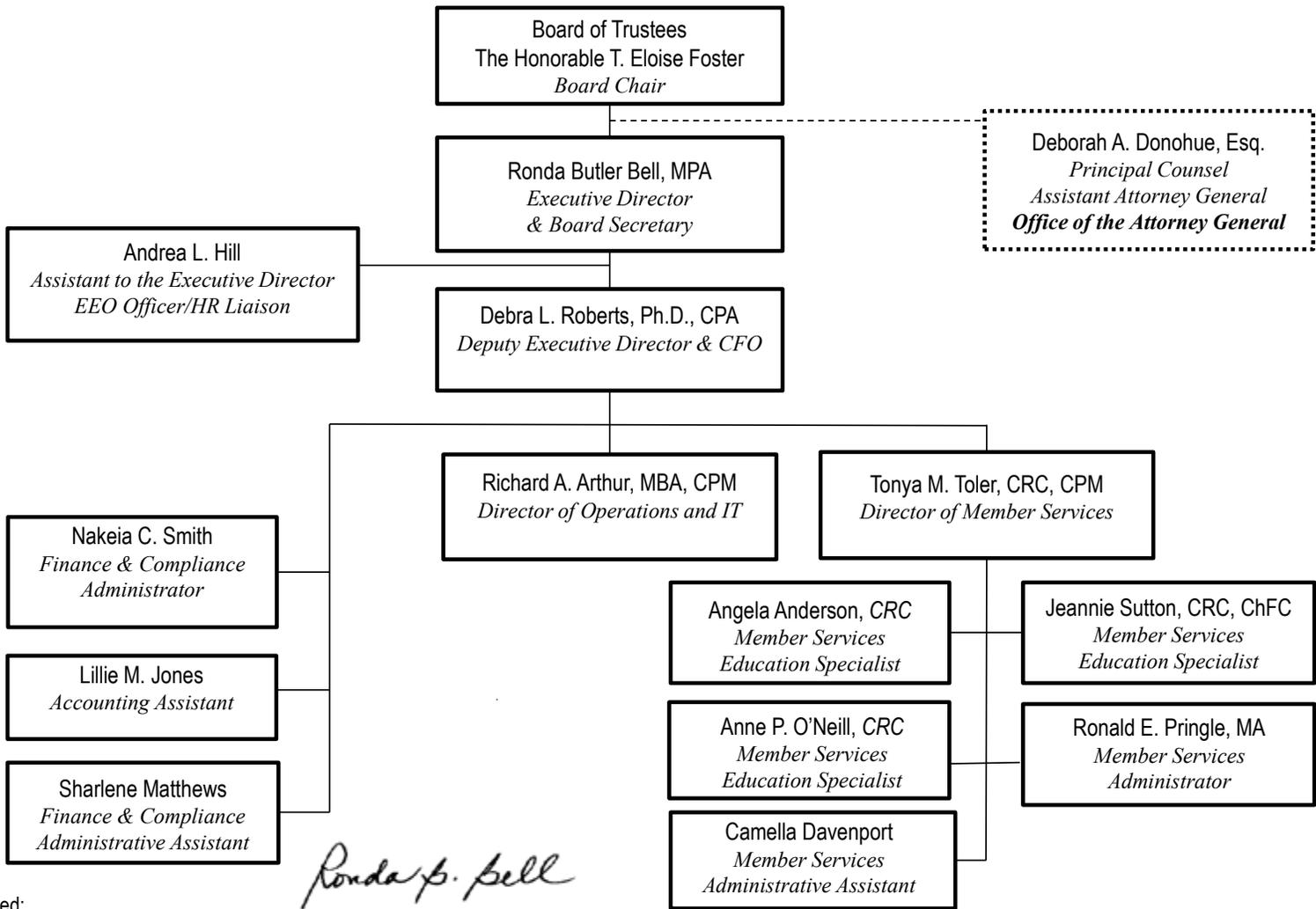
Segal Marco Advisors

T. Rowe Price & Associates, Inc.

Independent Public Accountants

RSM US LLP

Maryland Teachers & State Employees Supplemental Retirement Plans



Approved:
February 9, 2022

Ronda B. Bell

Executive Director





Financial Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

MARYLAND TEACHERS & STATE EMPLOYEES SUPPLEMENTAL RETIREMENT

Independent Auditor's Report

Board of Trustees
Maryland Teachers & State Employees Supplemental Retirement Plans

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statement of net position held in trust for deferred compensation benefits of the Maryland Teachers & State Employees Supplemental Retirement Plans (MSRP), a fiduciary fund of the State of Maryland, as of December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the MSRP's basic financial statements in the table of contents. We also have audited the statements of combining net position held in trust for deferred compensation benefits as of December 31, 2021 and 2020 and the related statements of combining changes in net position held in trust for deferred compensation benefits for the years ended, as defined by the Government Accounting Standards Board, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the fiduciary activities of the Maryland Teachers & State Employees Supplemental Retirement Plans, as of December 31, 2021 and 2020, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the combining net position held in trust for deferred compensation benefits as of December 31, 2021 and 2020 and the related statements of combining changes in net position held in trust for deferred compensation benefits, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MSRP, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the MSRP's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness MSRP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the MSRP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 25 to 29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audit 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 sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the MSRP's basic financial statements. The accompanying *schedule of administrative expenses* are presented for purposes of additional analysis and are 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 *schedule of administrative expenses* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the *introductory section, investment section, and statistical section* but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

RSM US LLP

Baltimore, Maryland
October 5, 2022

Management's Discussion and Analysis (Unaudited)

The Board of Trustees of the Maryland Teachers & State Employees Supplemental Retirement Plans (MSRP) has prepared this narrative as an explanatory supplement to the audited financial statements of the Plans for fiscal years ended December 31, 2021 and 2020. The financial statements appear on page 27 of this report. This narrative should be read in conjunction with the financial statements and accompanying notes.

Overview of the Financial Statements

The financial statements for MSRP are prepared in accordance with accounting principles generally accepted in the United States, as interpreted and applied for governmental defined contribution pension plans by the Governmental Accounting Standards Board (GASB). The statements consist of the Statements of Net Position and Statements of Changes in Net Position Held in a Trust for Deferred Compensation Benefits, together with related note disclosures (where necessary or appropriate), to explain a particular item or its context. Each Plan – the 457(b), 401(k), 403(b), and 401(a) Match Plan – has a separate, stand-alone financial statement. A combining statement of Net Position Held in Trust for Defined Contribution Benefits that consolidates the assets and transactions of all four Plans begins on page 33 of this report.

The Statement of Changes in Net Position is intended to show the major categories of additions to the Plans from participant contributions and investment earnings and deductions from the Plans for administrative expenses 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 and 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 position available for Plan benefits increased by \$635.5 million, or 12.9%, to \$5.58 billion at December 31, 2021, from \$4.94 billion at December 31, 2020. Net position available for Plan benefits increased by \$550.4 million, or 12.5%, to \$4.94 billion at December 31, 2020, from \$4.39 billion at December 31, 2019. Strong performance during the 4th quarter of 2021, attributable to U.S. and Non-U.S. equity investments, contributed to the increase in net position in 2021, whereas strong investment performance during the 4th quarter of 2020, primarily in these same asset classes, and a slight increase in participant contributions during that time period, contributed to the increase in net position in 2020. As a direct consequence of the COVID-19 economic impact, participant contributions decreased slightly from the prior year.
- Employee contributions into the Plans increased by \$10.3 million, or 6%, to \$190.2 million for the year ended December 31, 2021, from \$179.9 million for the year ended December 31, 2020. Employee contributions into the Plans decreased by \$2.5 million, or 1%, to \$179.9 million for the year ended December 31, 2020, from \$182.4 million for the year ended of December 31, 2019.
- Due to the suspension of the funding for the State Match program in 2010, employer contributions have been virtually eliminated as a source of contributions to the Plans for the majority of the State; however, certain non-elective employer contributions, or “matches,” are funded by State agencies and instrumentalities with, among other things, independent salary setting and budget authority, which direct such contributions to be made on behalf of such agencies' personnel into the Plans (special matches programs).
- In calendar year 2021, participant distributions increased by \$48.1 million to \$300.6 million, from \$252.4 million for the year ended December 31, 2020. At December 31, 2020, participant distributions decreased slightly \$252.4 million from \$268.9 million at December 31, 2019. The notes to the financial statements can be found on pages 39 of this report. During the 2020 pandemic, participants eligible for retirement may have elected to defer retirement or reduce distributions resulting in an overall decrease in distributions during the year. Also, positive investment earnings may have contributed to a net reduction of distributions.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the combined financial statements for the Plans.

Supplemental Information

The report includes detailed statistical information on the Plans, the participants in the Plans, comparison schedules on the Plans, and information regarding administrative fees and expenses. This statistical information immediately follows the Investment Section of the report.

The chart located on the following page illustrates a summary of the changes in the four Plans from calendar year 2019 to calendar year 2021, with the most recent year presented on the left.

The grouped bar for each year reflects a balance of assets that is increased that year by contributions from participant payroll deductions and transfers into the Plans. 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 bar indicates the net 12-month investment gain or loss for all Plans as of the respective year end.

Request for Information

Board of Trustees and senior management are fiduciaries of the Maryland Supplemental Retirement Plans and, as such, are charged with the responsibility of ensuring that the Plans' assets are used exclusively for the benefit of Plan participants and their beneficiaries. This financial report is designed to provide an overview of the Plans' finances and to demonstrate accountability for the resources entrusted to the Plans for the benefit of all the Plans' stakeholders. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Maryland Teachers & State Employees Supplemental Retirement Plans
Attn: Debra L. Roberts, Ph.D. CPA
6 St Paul Street, Suite 200
Baltimore, Maryland 21202-1600

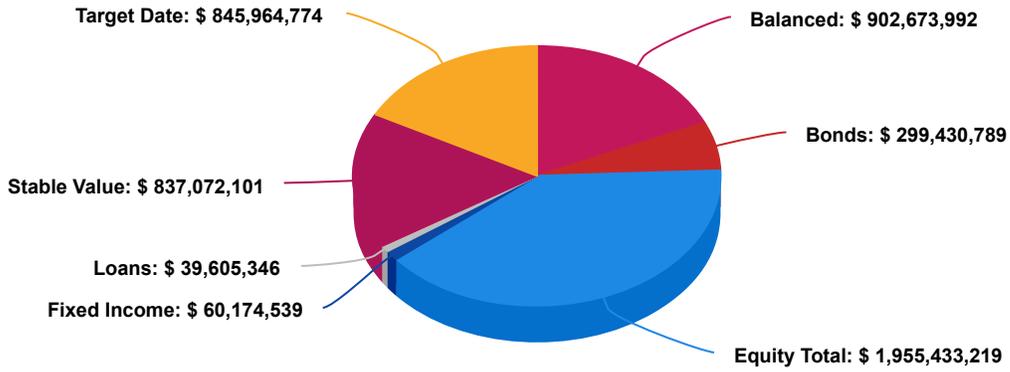
Condensed Summary Of Net Position Held In Trust For Deferred Compensation Benefits

	2021	2020	2019
Assets			
Investments	\$ 5,527,572,560	\$ 4,891,081,692	\$ 4,338,484,640
Total investments	<u>5,527,572,560</u>	<u>4,891,081,692</u>	<u>4,338,484,640</u>
Cash surrender value of life insurance contracts	2,775,032	2,928,485	2,720,028
Cash	1,255,359	1,443,070	938,851
Receivables:			
Loans receivable	38,494,449	39,645,289	42,154,112
Other receivable	5,767,735	5,256,224	5,646,047
Net Position Held In Trust For			
Deferred Compensation Benefits	<u>\$ 5,575,865,135</u>	<u>\$ 4,940,354,760</u>	<u>\$ 4,389,943,680</u>

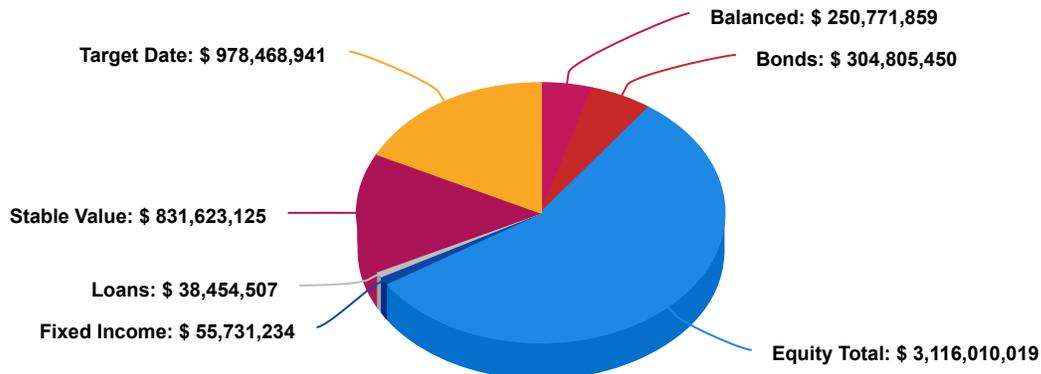
Condensed Summary of Change in Net Position Held In Trust For Deferred Compensation Benefits

	2021	2020	2019
Additions			
Employee contributions	\$ 190,217,444	\$ 179,872,866	\$ 182,405,999
Employer contributions	-	-	16,554
Participant Fees	1,766,789	2,035,000	2,029,000
Variable earnings reimbursements	1,786,049	1,990,832	2,666,215
Investment income:			
Variable earnings investment income (loss)	733,896,717	605,341,098	711,776,796
Other income	18,292,463	22,356,074	22,656,096
Total Additions	<u>945,959,462</u>	<u>811,595,870</u>	<u>921,550,660</u>
Deductions			
Distributions to participants	300,550,087	252,429,639	268,868,648
Fees taken from participants	7,964,928	7,242,787	7,285,227
Net administrative expenses - Board	1,932,632	1,509,989	1,520,267
Life insurance premiums	1,440	2,375	3,520
Total Deductions	<u>310,449,087</u>	<u>261,184,790</u>	<u>277,677,662</u>
Net Change	635,510,375	550,411,080	643,872,998
Net position available for plan benefits:			
Beginning of the year	4,940,354,760	4,389,943,680	3,746,071,682
Net Position Available for Plan Benefits:			
End of Year	<u>\$ 5,575,865,135</u>	<u>\$ 4,940,354,760</u>	<u>\$ 4,389,943,680</u>

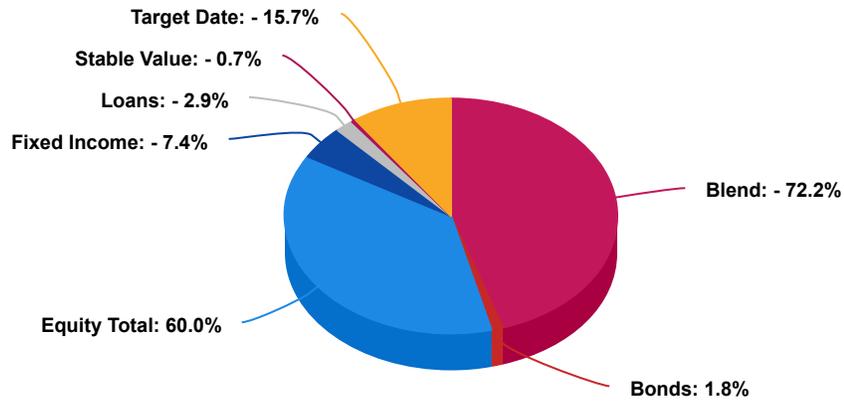
Plans Investments by Category 2020



Plans Investments by Category 2021



Investment Allocation % Change (2021/2020)



Note: % do not equal 100%





Basic Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

**Statements Of Net Position Held In Trust For Deferred Compensation Benefits
As of December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets and Net Position		
Investments		
Investment contract pool	\$ 831,623,125	\$ 837,072,101
Mutual funds:		
Equity funds	1,155,165,114	2,452,839,534
Target date funds	978,091,007	899,821,433
Fixed income funds	2,506,422,218	640,949,294
Annuities	56,271,096	60,399,330
Total Investments	<u>5,527,572,560</u>	<u>4,891,081,692</u>
Cash surrender value of life insurance contracts	2,775,032	2,928,485
Cash	1,255,359	1,443,070
Receivables:		
Employee contributions	5,572,480	5,082,837
Loans receivable	38,494,449	39,645,289
Other receivable	195,255	173,387
Net Position Held In Trust For Deferred Compensation Benefits	<u>\$ 5,575,865,135</u>	<u>\$ 4,940,354,760</u>

The accompanying notes are an integral part of the financial statements

**Statements Of Combining Net Position
Held In Trust For Deferred Compensation Benefits
December 31, 2021**

	Deferred Compensation 457 Plan	Savings and Investment Plans 401(k)	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Investments					
Investment contract pool	\$ 418,239,429	\$ 383,974,442	\$ 29,409,254	\$ -	\$ 831,623,125
Mutual funds					
Equity funds	479,262,322	539,884,023	54,310,709	81,708,060	1,155,165,114
Target date funds	437,631,140	496,551,701	30,263,404	13,644,762	978,091,007
Fixed income funds	989,063,614	1,338,054,641	143,792,462	35,511,501	2,506,422,218
Annuities	56,271,096	-	-	-	56,271,096
Total Investments	<u>2,380,467,601</u>	<u>2,758,464,807</u>	<u>257,775,829</u>	<u>130,864,323</u>	<u>5,527,572,560</u>
Cash surrender value of life insurance contracts	2,775,032	-	-	-	2,775,032
Cash	1,255,359	-	-	-	1,255,359
Receivables:					
Employee contributions	3,008,168	2,534,407	25	29,880	5,572,480
Participant loans receivable	20,261,700	17,815,922	-	416,827	38,494,449
Other receivables	195,255	-	-	-	195,255
Net Position Held In Trust For Deferred Compensation Benefits	<u>\$ 2,407,963,115</u>	<u>\$ 2,778,815,136</u>	<u>\$ 257,775,854</u>	<u>\$ 131,311,030</u>	<u>\$ 5,575,865,135</u>

The accompanying notes are an integral part of the financial statements

**Statements Of Combining Net Position
Held In Trust For Deferred Compensation Benefits
December 31, 2020**

	Deferred Compensation 457 Plan	Savings and Investment Plans 401(k)	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Investments					
Investment contract pool	\$ 424,980,507	\$ 382,673,921	\$ 29,417,673	\$ -	\$ 837,072,101
Mutual funds:					
Equity funds	1,012,046,644	1,214,058,117	143,962,765	82,772,008	2,452,839,534
Target date funds	343,584,137	515,571,286	27,934,965	12,731,045	899,821,433
Fixed income Funds	270,895,748	321,503,125	27,214,351	21,336,070	640,949,294
Annuities	60,399,330	-	-	-	60,399,330
Total Investments	<u>2,111,906,366</u>	<u>2,433,806,449</u>	<u>228,529,754</u>	<u>116,839,123</u>	<u>4,891,081,692</u>
Cash surrender value of life insurance contracts	2,928,485	-	-	-	2,928,485
Cash	1,443,070	-	-	-	1,443,070
Receivables:					
Employee contributions	2,618,648	2,433,141	25	31,023	5,082,837
Participant Loans receivable	20,755,487	18,394,861	-	494,941	39,645,289
Other receivables	173,387	-	-	-	173,387
Net Position Held In Trust For Deferred Compensation Benefits	<u>\$ 2,139,825,443</u>	<u>\$ 2,454,634,451</u>	<u>\$ 228,529,779</u>	<u>\$ 117,365,087</u>	<u>\$ 4,940,354,760</u>

The accompanying notes are an integral part of the financial statements

**Statements Of Changes In Net Position Held In Trust For Deferred Compensation Benefits
As of December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Additions To Net Position Attributed To:		
Employee contributions	\$ 190,217,444	\$ 179,872,866
Participant fees	1,766,789	2,035,000
Variable earnings reimbursements	1,786,049	1,990,832
Variable earnings investment income	733,896,717	605,341,098
Interest income	18,292,463	22,356,074
Total Additions	<u>945,959,462</u>	<u>811,595,870</u>
Deductions From Net Position Attributed To:		
Distributions to participants	300,550,087	252,429,639
Fees taken from participants	7,964,928	7,242,787
Net administrative expenses - Board	1,932,632	1,509,989
Life insurance premiums	1,440	2,375
Total Deductions	<u>310,449,087</u>	<u>261,184,790</u>
Net Change	635,510,375	550,411,080
Net position held in trust:		
Beginning of the year	<u>4,940,354,760</u>	<u>4,389,943,680</u>
Net Position held in trust:		
End of Year	<u>\$ 5,575,865,135</u>	<u>\$ 4,940,354,760</u>

The accompanying notes are an integral part of the financial statements

**Statements Of Combining Changes In Net Position Held In Trust for Deferred Compensation Benefits
For The Year Ended December 31, 2021**

	Deferred Compensation 457 Plan	Savings and Investment Plan 401(k) Plan	Match Plan and Trust 401(a) Plan	Total Sheltered Annuity Plan 403(b) Plan	Total
Additions:					
Employee contributions	\$ 91,857,501	\$ 95,787,436	\$ 20,673	\$ 2,551,834	\$ 190,217,444
Participant fees	1,766,789	-	-	-	1,766,789
Variable earnings reimbursements	787,066	828,969	88,034	81,980	1,786,049
Investment income:					
Variable earnings investment income	297,977,331	374,514,942	40,801,059	20,603,385	733,896,717
Interest income	10,504,692	7,160,115	484,485	143,171	18,292,463
Total Additions	<u>402,893,379</u>	<u>478,291,462</u>	<u>41,394,251</u>	<u>23,380,370</u>	<u>945,959,462</u>
Deductions:					
Distributions to participants	129,270,116	150,175,044	11,820,193	9,284,734	300,550,087
Fees taken from participants	3,551,519	3,935,733	327,983	149,693	7,964,928
Net administrative expenses - Board	1,932,632	-	-	-	1,932,632
Life insurance premiums	1,440	-	-	-	1,440
Total Deductions	<u>134,755,707</u>	<u>154,110,777</u>	<u>12,148,176</u>	<u>9,434,427</u>	<u>310,449,087</u>
Net Change	<u>268,137,672</u>	<u>324,180,685</u>	<u>29,246,075</u>	<u>13,945,943</u>	<u>635,510,375</u>
Net position held in trust:					
Beginning of the year	2,139,825,443	2,454,634,451	228,529,779	117,365,087	4,940,354,760
Net position held in trust:					
End of Year	<u>\$ 2,407,963,115</u>	<u>\$ 2,778,815,136</u>	<u>\$ 257,775,854</u>	<u>\$ 131,311,030</u>	<u>\$ 5,575,865,135</u>

The accompanying notes are an integral part of the financial statements

**Statements Of Combining Changes In Net Position Held In Trust For Deferred Compensation Benefits
For The Year Ended December 31, 2020**

	Deferred Compensation 457 Plan	Savings and Investment Plan 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Additions:					
Employee contributions	\$ 85,881,059	\$ 89,231,666	\$ 33,118	\$ 4,727,023	\$ 179,872,866
Participant fees	2,035,000	-	-	-	2,035,000
Variable earnings reimbursements	873,126	933,594	112,313	71,799	1,990,832
Investment income:					
Variable earnings investment	245,763,633	313,290,747	31,008,734	15,277,984	605,341,098
Interest income	12,560,644	9,022,068	631,486	141,876	22,356,074
Total Additions	<u>347,113,462</u>	<u>412,478,075</u>	<u>31,785,651</u>	<u>20,218,682</u>	<u>811,595,870</u>
Deductions:					
Distributions to participants	116,134,374	119,796,109	10,461,641	6,037,515	252,429,639
Fees taken from participants	3,221,494	3,578,649	301,844	140,800	7,242,787
Net administrative fees- Board	1,509,989	-	-	-	1,509,989
Life insurance premiums	2,375	-	-	-	2,375
Total Deductions	<u>120,868,232</u>	<u>123,374,758</u>	<u>10,763,485</u>	<u>6,178,315</u>	<u>261,184,790</u>
Net Change	<u>226,245,230</u>	<u>289,103,317</u>	<u>21,022,166</u>	<u>14,040,367</u>	<u>550,411,080</u>
Net position held in trust:					
Beginning of the year	1,913,580,213	2,165,531,134	207,507,613	103,324,720	4,389,943,680
Net Position held in trust:					
End of Year	<u>\$ 2,139,825,443</u>	<u>\$ 2,454,634,451</u>	<u>\$ 228,529,779</u>	<u>\$ 117,365,087</u>	<u>\$ 4,940,354,760</u>

The accompanying notes are an integral part of the financial statements





Notes to Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

1. General Description of the Plans:

The Maryland State Employees Deferred Compensation Plan was established by an executive order of the Governor of the State of Maryland on August 15, 1974, and enrollment in the Plan began on June 2, 1975. The first contributions to the Plan were made on July 1, 1975.

Chapter 741 of the Acts of 1985 brought the 457 Deferred Compensation Plan under the direction of a nine-member Board of Trustees. The statute also gave the Board responsibility and authority for administration of a 403(b) Tax-Deferred Annuity Plan and a 401(k) Savings and Investment Plan. The Maryland 403(b) plan became operational in 1987, and the Maryland 401(k) plan began accepting contributions in 1990, after receipt of a favorable determination letter from the Internal Revenue Service of the U.S. Department of Treasury. These three Plans became known as the Maryland Teachers and State Employees Supplemental Retirement Plans (MSRP).

The Deferred Compensation Plans are fiduciary trust funds of the State and reflect transactions and account balances, with those transactions being accounted for using the economic resources measurement focus. The Deferred Compensation Plan (MSRP), which is reported as of and for its year ended December 31, accounts for participant earnings deferred in accordance with Internal Revenue Code Sections 457, 403(b), 401(a), and 401(k). Amounts that are deferred are invested and are not subject to Federal income taxes until paid to the participant upon termination or retirement from employment, death, or for an unforeseeable emergency. The Fiduciary Trust Fund is administered by the Board of Trustees, appointed by the Governor, and each member serves a staggered 4-year term.

In 1998, the Maryland General Assembly authorized the match program, which makes a dollar for dollar matching contribution for eligible State employees that voluntarily contribute to one of the State sponsored supplemental retirement plans. State matching contributions are provided in the State budget, and capped at \$600 per employee, per year. The State contributions for MSRP participants are paid into a separate qualified plan, the 401(a) plan.

Under Plan provisions permanent employees of the State of Maryland are eligible to voluntarily elect to contribute a portion of their compensation into the Plan through payroll deductions. Beginning January 1, 2002, upon enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), a participant's contribution to the Plan is limited to the lesser of 100% of taxable compensation, net of IRC Section 457 deferrals, or \$19,500. EGTRRA also provides certain catch-up contribution provisions for participants age 50 or over, and for participants within three years of their Normal Retirement Age. Amounts contributed by employees are deferred for Federal and State income tax purposes until benefits are paid to the employees, with the exception of Roth contributions. In April 2011, the State of Maryland added an after-tax Roth contribution option for the 457 and 401(k) plans. In June 2012, the Roth conversion feature became effective. The State of Maryland does not make any contributions to the Plan.

Under provisions of the Small Business Job Protection Act of 1996 (SBJPA), which became effective for plan years beginning after December 31, 1996, assets of IRC section 457 plans must be held in a trust, custodial account, or annuity contract, for the exclusive benefit of employees and beneficiaries. At December 31, 2021 and 2020, the Plan met the requirements of the SBJPA.

- A.** Employees electing to contribute to the Plan have the option of investing their contributions in the following options:
- Fixed earnings investment consisting of investment contract pools underwritten by various insurance companies and other financial institutions.
 - Variable earnings investments consisting of various mutual funds.
 - Life insurance contracts underwritten by Unum Life (Unum Life) Insurance Company of America, formerly Commercial Life Insurance Company. As of June 1988, this option was no longer actively promoted for new enrollments in the 457 plan.
- B.** The fixed earnings investment underwritten by Nationwide Life Insurance Company (Nationwide) was previously available. A portion of the 457 Plan's investments are still held at this company, however, this investment option is not available for current enrollments or deferrals.

1. General Description of the Plans (continued):

Employees may withdraw the current value of funds contributed to the Plan upon termination of employment with the State or due to financial hardship.

Employees who have contributed to the Plan receive benefits under the Plan at the time of their retirement or upon a determination of disability in accordance with the Retirement Laws of the State of Maryland.

Upon retirement or disability, employees may select various payout options including lump sum payments or payments over various periods. The employees may also elect to have the value of their account at retirement converted into fixed or variable life annuities or joint and survivor annuities.

2. Summary of Significant Accounting Policies:

The ("MSRP") consist of the following four defined contribution plans that are generally available to all eligible employees and officials of the State of Maryland (the "State"): (1) the Deferred Compensation Plan under Internal Revenue Code (the Code or "IRC") Section 457; (2) the Savings and Investment Plan under IRC Section 401(k); (3) the Match Plan under IRC Section 401(a); and (4) the Tax Sheltered Annuity Plan under IRC Section 403(b) (each a Plan and collectively, the Plans). MSRP had 62,385 participants as of December 31, 2021, and is a fiduciary fund of the State. MSRP operates pursuant to the provisions of Titles 32 and 35 of the State Personnel and Pensions Article of the Annotated Code of Maryland and is governed by a Board of Trustees (the "Board").

The 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 provisions of Title 35 of the State Personnel & Pensions Article of the Annotated Code of Maryland and a Plan document adopted by the Board.

The 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 Match Plan and Trust (the "401(a) Match Plan") was established July 1, 1999, by the State, pursuant to Title 32 of the State Personnel & Pensions Article of the Annotated Code of Maryland, and is designed to be a tax-qualified 401(a) defined contribution plan.

The 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.

A. Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and are prepared using accrual method of accounting, in accordance with accounting principles generally accepted in the United States for governments as prescribed by Governmental Accounting Standards Board (GASB).

B. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the 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.

C. 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, there is a reasonable expectation 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 position held in trust for deferred compensation benefits.

2. Summary of Significant Accounting Policies (continued):

D. Investments

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 Galliard Capital Management under a management agreement with the Board. Interest rates are reset monthly.

During 1997, a master trust (the Master Trust) was established to hold ICP/assets underlying this investment option. Under the Master Trust arrangement, assets of participants who participate in the 457 Plan, the 401(k) Plan, and/or the 401(a) Match Plan are combined and held in the Master Trust. Each Plan has an undivided but measurable interest in the assets held by the Master 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 asset 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.

Collective Investment Trust. A Collective Investment Trust (CIT) is an investment vehicle like a US mutual fund that is available to qualified retirement plans. CITs are institutional products sold only to plan sponsors and/or plan fiduciaries. CITs consist of assets of retirement, pension, profit sharing, stock bonus or other tax-qualified retirement accounts and governmental plans that are exempt from federal income tax. CITs are excluded from the definition of a registered security and an investment company. CITs are a legal trust administered by a bank or trust company that combines assets for multiple investors who meet specific requirements set forth in the fund's declaration of trust. By definition, a collective trust pools assets from corporate and governmental profit sharing, pension and stock bonus plans, and charitable and other tax-exempt trusts. On November 25, 2019, the Board approved the transition from passively managed mutual fund vehicles to the non-securities lending collective investment trust vehicles managed by State Street.

E. Participant Loans Receivable

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% of the value of his or her account or (b) \$50,000. Interest on loans is determined by a reference rate set by the Board.

In accordance 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.

The Plans general loan provisions for the 457(b) Plan, 403(b) Plan and 401(k) Plan allow participants to borrow up to 50% of the Plan account, but not more than \$50,000. Your principal and interest payments are returned to your account. General repayment terms have a maximum repayment of five years, except for loans used to purchase a primary residence. These loans have an extended repayment period up to 15 years. 401(a) Match Plan. The 401(a) Match Plan doesn't offer a loan provision.

F. Employee Contributions Receivable

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 403(b) Plan, but the State does make certain matching contributions to a separate tax qualified 401(a) Match Plan, as previously noted.

2. Summary of Significant Accounting Policies (continued):

Employees electing to contribute to the Plans 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 the following collection of book value investments: 1) a money market fund; 2) STIFs and 3) separate account synthetic guaranteed investment contracts written by insurance companies and other financial institutions. This option is not available in the 403(b) Plan.
- Mutual funds. A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities.

G. Employee Contributions

Eligible State employees may contribute to the 457 Plan, 401(k) Plan, or the 403(b) Plan through payroll deductions. Employee contributions are recognized as revenue in the period in which the contributions are withheld from the employees compensation. As required by the IRC, MSRP limits the amount of an individual's annual contributions to an amount not to exceed the lesser of \$19,500 and \$19,500 for the years ended December 31, 2021 and 2020, respectively, or 100% of their annual compensation, as defined by the IRC. 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 sums 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. Contributions of \$3.4 million were made to the Roth accounts by approximately 8,192 participants in the 457 Plan and the 401(k) Plan during the year ended December 31, 2021. Contributions of \$3.9 million were made to the Roth accounts by approximately 7,191 participants in the 457 Plan and the 401(k) Plan during the year ended December 31, 2020. Employee contributions are recognized as reserves in the period in which the contributions are withheld from employees compensation.

Under Title 32 of the State Personnel & Pension Article, and to the extent funds are provided in the State budget, the State may contribute to each participant's 401(a) Match Plan account an amount equal to the participant's contributions to one of the Plans during the same plan year. The statutory maximum contribution is \$600 per participant 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, 2021, the State has suspended the match contribution.

H. Investment Income

Net appreciation is determined by calculating the change in the fair value of investments between the beginning of the year and the end of the year. Other investment income is recognized when earned. Investment expenses consist of external expenses directly related to MSRP investment options.

I. Variable Earnings Investment Income

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

J. Cash Surrender Value of Life Insurance Contracts

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.

K. Deduction and Expenses

Benefit payments, including refunds, and distributions of employee contributions, are recognized when due and payable in accordance with IRC requirements. Internal administrative expenses are recognized when due and payments.

2. Summary of Significant Accounting Policies (continued):

L. Distribution to Participants

Employees investing in the Plans 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 reaching 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 the 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.

M. Reclassifications

There were no reclassifications made during the year.

N. Suspense

Employee contributions are recognized when such amounts are withheld from employees' pay. Contributions are credited by the applicable investment carriers upon receipt of a valid trade order. Contributions receivable represent amounts withheld but not remitted to the investment carriers at year-end. As such, some timing differences occur to specific accounts that are not yet recognized and are held in the suspense account. These immaterial balances are moved to participant accounts within a reasonable time frame.

O. Investment Valuation

Other fixed earnings investments are valued at contract value, which represents contributions received plus interest earned to date less applicable charges and amounts withdrawn.

Variable earnings investments are presented at fair values based on published quotations or net asset value as provided by the investment provider. Purchases and sales of variable earnings investments are recorded on a trade date basis.

The cash surrender value of life insurance contracts are valued as reported by the carrier.

2. Summary of Significant Accounting Policies (continued):

P. Cash

Cash represents amounts withheld from participants and remitted to the Maryland State Employees Deferred Compensation Plan Board, reduced by amounts disbursed to vendors providing services to the Plan. These amounts are presented in the financial statements in accordance with the plan administrative agreement discussed in note 6 and note 7. The cash and accounts payable balances and the administrative expense amount may change due to expenses incurred or paid by the Board when reported to Nationwide Retirement Solutions, the Administrator of the Plans ("NRS"), for inclusion in these financial statements. Cash is held on deposit in a State of Maryland bank account for the benefit of the Plan.

Q. Interest Income

Interest income from investments in fixed annuities underwritten by Nationwide is recorded as earned on an accrual basis. Beginning in 1982, Nationwide initiated a plan for paying different interest rates to specific pools of money based upon the date of the contributions. Interest income for funds in the Investment Contract Pool is determined based upon a blended interest rate of the guaranteed contract rates of all contracts.

R. Mutual Fund Income

Mutual fund investment income consists of dividends earned and realized and unrealized gains and losses on the various mutual fund shares owned by the Maryland State Employees Deferred Compensation Plan.

S. Variable Earnings/Reimbursement

Other income represents fees, net of provider reimbursement received from the mutual fund investment providers for the benefit of the participants.

T. Subsequent Events

On October 18, 2021, our long-standing Treasurer, Nancy K. Kopp announced that she would be stepping down from her role as a member of the MSRP Board by the end of 2021. Effective December 17, 2021, our State Treasurer, Dereck E. Davis, has been sworn in and also been appointed to the MSRP Board of Trustees. He began attending regular board meetings in January 2022. His picture appears on page 17 of this report.

At the February 2022 board meeting, the Board of Trustees approved a permanent asset based fee reduction from 0.0425% to 0.0325% and consistent 4th quarter fee holidays to stabilize reserve balances.

3. Investments

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, 2021 and 2020, were as follows:

	2021	2020
Fixed Investments - Investment Contract Pool	\$ 418,239,429	\$ 424,980,507
State Street S&P 500 Index Non-Lending Series Fund Class K	335,488,670	-
Fidelity ® Puritan® Fund	164,099,880	144,726,440
William Blair Large Cap Growth Collective Inv Fund-Class 5	147,377,120	-
State Street S&P MidCap Index Non-Lending Series Fund Class M	109,788,417	-
Delaware Value Fund - Institutional Class	103,708,250	89,159,637
T Rowe Price Institutional Small Cap Stock Fund, Inc.	94,450,614	82,364,449
American Funds-EuroPacific Growth Fund® -Class R6	80,365,892	77,799,295
T Rowe Price Structured Research Common Trust Fund	73,988,877	75,816,235
T Rowe Price Retirement 2030 Trust B	72,354,698	60,833,007
TWC Core Fixed Income Fund - I Class	68,376,048	65,533,252
State Street International Index Non-Lending Series Fund Class M	60,539,414	-
T Rowe Price Retirement 2025 Trust B	58,131,285	53,852,018
T Rowe Price Retirement 2035 Trust B	56,652,256	46,661,872
State Street U.S. Bond Index Non-Lending Series Fund Class M	55,462,717	-
T Rowe Price Retirement 2040 Trust B	54,344,494	43,758,456
State Street Russell Small Cap Index Non-Lending Series Fund Class K	51,241,886	-
T Rowe Price Mid Cap Value Fund, Inc.- Retail Shrs	48,592,587	36,922,815
T Rowe Price Retirement 2020 Trust B	47,809,945	46,457,687
T Rowe Price Retirement 2045 Trust B	42,727,013	33,301,775
Janus Henderson Enterprise Fund-N Shrs	40,979,504	34,777,788
T Rowe Price Retirement 2050 Trust B	36,750,203	28,318,228
Parnassus Core Equity Fund-Inst Shrs	27,617,970	19,807,195
T Rowe Price Retirement 2055 Trust B	24,527,262	18,543,440
T Rowe Price Retirement 2015 Trust B	23,017,550	21,902,260
T Rowe Price Retirement 2010 Trust B	11,652,618	11,052,385
T Rowe Price Retirement Balanced Fund	6,434,573	5,855,212
T Rowe Price Retirement 2060 Trust B	6,336,095	4,170,376
T Rowe Price Retirement 2005 Trust B	3,300,196	3,050,859
T Rowe Price Retirement 2065 Trust B	27,525	-
Fidelity ® 500 Index Fund	-	254,356,296
American Funds-The Growth Fund of America® -Class R6	-	130,012,024
Vanguard ® Mid Cap Index Fund-Inst Plus Shrs	-	89,776,455
Vanguard ® Total Bond Market Index Fund-Inst Shrs	-	54,780,844
Vanguard ® Total International Stock Index Fund-Inst Shrs	-	49,078,186
Vanguard ® Small Cap Index Fund-Inst Shrs	-	43,844,095
Suspense	(186,483)	13,948
Total Mutual Funds	1,905,957,076	1,626,526,529
Nationwide Fixed Annuities	48,064,968	51,242,485
Nationwide Life annuity payout reserves	5,485,405	6,158,326
Metropolitan Life annuity payout reserves	2,720,723	2,998,519
Total Annuities	56,271,096	60,399,330
Total Investments	\$ 2,380,467,601	\$ 2,111,906,366

3. Investments (continued)

Part 2: 401(k) Plan

Investments held as of December 31, 2021 and 2020, were as follows:

	2021	2020
Fixed Investments - Investment Contract Pool	\$ 383,974,442	\$ 382,673,921
State Street S&P 500 Index Non-Lending Series Fund Class K	483,357,767	-
William Blair Large Cap Growth Collective Inv Fund-Class 5	207,943,224	-
Fidelity ® Puritan® Fund	174,620,431	152,268,043
State Street S&P MidCap Index Non-Lending Series Fund Class M	139,924,289	-
T Rowe Price Institutional Small Cap Stock Fund, Inc.	130,805,186	116,277,397
T Rowe Price Retirement 2025 Trust B	109,147,960	93,319,992
American Funds-EuroPacific Growth Fund® -Class R6	105,372,442	103,912,259
Delaware Value Fund - Institutional Class	99,048,128	83,809,159
T Rowe Price Retirement 2020 Trust B	98,140,759	91,959,433
TWC Core Fixed Income Fund - I Class	96,234,118	92,710,012
T Rowe Price Structured Research Common Trust Fund	95,745,735	-
T Rowe Price Retirement 2030 Trust B	89,673,042	76,102,392
State Street Russell Small Cap Index Non-Lending Series Fund Class K	70,575,856	-
State Street U.S. Bond Index Non-Lending Series Fund Class M	68,229,586	-
State Street International Index Non-Lending Series Fund Class M	62,095,479	-
T Rowe Price Mid Cap Value Fund, Inc.- Retail Shrs	55,880,087	43,462,043
T Rowe Price Retirement 2035 Trust B	52,343,807	43,621,418
Janus Henderson Enterprise Fund-N Shrs	48,999,840	43,396,565
T Rowe Price Retirement 2015 Trust B	43,682,795	42,927,981
T Rowe Price Retirement 2040 Trust B	37,912,072	31,659,087
Parnassus Core Equity Fund-Inst Shrs	30,561,066	22,504,619
T Rowe Price Retirement 2045 Trust B	20,158,980	16,008,216
T Rowe Price Retirement 2010 Trust B	16,634,043	15,609,542
T Rowe Price Retirement 2050 Trust B	15,126,228	11,155,893
T Rowe Price Retirement Balanced Fund	8,576,145	7,786,894
T Rowe Price Retirement 2055 Trust B	7,743,177	5,924,384
T Rowe Price Retirement 2060 Trust B	3,010,253	2,058,181
T Rowe Price Retirement 2005 Trust B	2,973,737	3,049,882
T Rowe Price Retirement 2065 Trust B	4,848	-
Fidelity ® 500 Index Fund	-	379,840,691
American Funds-The Growth Fund of America® -Class R6	-	181,800,629
Vanguard ® Mid Cap Index Fund-Inst Plus Shrs	-	115,303,513
T Rowe Price Structured Research Trust C	-	93,330,777
Vanguard ® Total Bond Market Index Fund-Inst Shrs	-	68,738,176
Vanguard ® Small Cap Index Fund-Inst Shrs	-	61,489,029
Vanguard ® Total International Stock Index Fund-Inst Shrs	-	50,999,163
Suspense	(30,715)	107,158
Total Mutual Funds	2,374,490,365	2,051,132,528
Total Investments	\$ 2,758,464,807	\$ 2,433,806,449

3. Investments (continued)

Part 3: 401(a) Plan

Investments held as of December 31, 2021 and 2020, were as follows:

	2021	2020
Fixed Investments - Investment Contract Pool	\$ 29,409,254	\$ 29,417,673
State Street S&P 500 Index Non-Lending Series Fund Class K	67,246,685	-
William Blair Large Cap Growth Collective Inv Fund-Class 5	20,240,210	-
Fidelity ® Puritan® Fund	19,743,304	17,764,255
State Street S&P MidCap Index Non-Lending Series Fund Class M	16,361,502	-
T Rowe Price Institutional Small Cap Stock Fund, Inc.	14,983,025	13,479,650
T Rowe Price Structured Research Common Trust Fund	13,534,507	12,583,005
Delaware Value Fund - Institutional Class	12,549,342	10,961,043
American Funds-EuroPacific Growth Fund® -Class R6	7,798,807	7,896,501
TWC Core Fixed Income Fund - I Class	6,128,734	5,983,758
T Rowe Price Retirement 2025 Trust B	5,954,663	5,467,952
T Rowe Price Retirement 2030 Trust B	5,764,072	5,247,902
T Rowe Price Retirement 2020 Trust B	5,617,955	5,470,015
State Street Russell Small Cap Index Non-Lending Series Fund Class K	5,313,241	-
T Rowe Price Retirement 2035 Trust B	4,071,781	3,641,341
T Rowe Price Mid Cap Value Fund, Inc.- Retail Shrs	3,762,155	3,042,370
State Street International Index Non-Lending Series Fund Class M	3,675,675	-
T Rowe Price Retirement 2040 Trust B	3,195,254	2,793,711
State Street U.S. Bond Index Non-Lending Series Fund Class M	3,151,444	-
T Rowe Price Retirement 2015 Trust B	2,472,990	2,491,744
Janus Henderson Enterprise Fund-N Shrs	2,288,048	2,088,196
T Rowe Price Retirement 2045 Trust B	1,449,974	1,252,484
Parnassus Core Equity Fund-Inst Shrs	984,835	717,367
T Rowe Price Retirement 2010 Trust B	802,435	778,205
T Rowe Price Retirement 2050 Trust B	647,360	534,003
T Rowe Price Retirement Balanced Fund	341,657	328,416
T Rowe Price Retirement 2005 Trust B	121,476	128,163
T Rowe Price Retirement 2055 Trust B	103,403	93,373
T Rowe Price Retirement 2060 Trust B	62,041	36,072
Fidelity ® 500 Index Fund	-	54,208,431
American Funds-The Growth Fund of America® -Class R6	-	17,113,870
Vanguard ® Mid Cap Index Fund-Inst Plus Shrs	-	13,960,287
Vanguard ® Small Cap Index Fund-Inst Shrs	-	4,810,561
Vanguard ® Total Bond Market Index Fund-Inst Shrs	-	3,137,922
Vanguard ® Total International Stock Index Fund-Inst Shrs	-	3,096,608
Suspense	-	4,876
Total Mutual Funds	228,366,575	199,112,081
Total Investments	\$ 257,775,829	\$ 228,529,754

3. Investments (continued)

Part 4: 403(b) Plan

Investments held as of December 31, 2021 and 2020, were as follows:

	2021	2020
Fidelity ® 500 Index Fund	26,578,847	22,584,939
Fidelity ® Puritan® Fund	13,637,719	12,371,905
Vanguard ® Mid Cap Index Fund-Inst Plus Shrs	12,126,159	10,190,939
William Blair Large Cap Growth Fund - Class R6	9,119,100	-
Delaware Value Fund - Institutional Class	8,887,292	7,753,796
T Rowe Price U.S. Equity Research Fund - I Class	6,202,580	5,155,644
T Rowe Price Institutional Small Cap Stock Fund, Inc.	5,345,573	3,782,804
Vanguard ® Federal Money Market Fund-Investor Class	4,953,442	6,188,881
Vanguard ® Small Cap Index Fund-Inst Shrs	4,738,583	3,383,195
American Funds-EuroPacific Growth Fund® -Class R6	4,616,086	4,845,458
T Rowe Price Mid Cap Value Fund, Inc.- Retail Shrs	3,769,236	2,081,230
TWC Core Fixed Income Fund - I Class	3,739,163	4,053,973
Vanguard ® Total Bond Market Index Fund-Inst Shrs	3,483,639	4,492,852
T Rowe Price Retirement I 2020 - I Class	3,279,603	-
Janus Henderson Enterprise Fund-N Shrs	3,257,097	2,589,513
Great West Life Assurance Company	3,017,899	3,077,695
T Rowe Price Retirement I 2025 - I Class	2,588,845	-
Vanguard ® Total International Stock Index Fund-Inst Shrs	2,325,213	1,838,711
T Rowe Price Retirement I 2015 - I Class	1,780,998	-
T Rowe Price Retirement I 2030 - I Class	1,393,312	-
Parnassus Core Equity Fund-Inst Shrs	1,042,341	1,314,878
T Rowe Price Retirement I 2010 - I Class	1,027,175	-
T Rowe Price Retirement I 2035 - I Class	979,646	-
T Rowe Price Retirement I 2040 - I Class	833,017	-
T Rowe Price Retirement I 2045 - I Class	816,058	-
T Rowe Price Retirement I 2050 - I Class	720,968	-
T Rowe Price Retirement Balanced Fund - I Class	379,592	-
T Rowe Price Retirement I 2005 - I Class	126,803	-
T Rowe Price Retirement I 2060 - I Class	70,904	-
T Rowe Price Retirement I 2055 - I Class	27,433	-
American Funds - The Growth Fund of America - Class R6	-	8,068,852
T Rowe Price Retirement 2020 Fund	-	3,636,442
T Rowe Price Retirement 2025 Fund	-	2,091,241
T Rowe Price Retirement 2015 Fund	-	1,650,653
T Rowe Price Retirement 2030 Fund	-	1,292,082
T Rowe Price Retirement 2010 Fund	-	961,366
T Rowe Price Retirement 2045 Fund	-	903,676
T Rowe Price Retirement 2035 Fund	-	777,041
T Rowe Price Retirement 2040 Fund	-	654,780
T Rowe Price Retirement 2050 Fund	-	581,523
T Rowe Price Retirement Balanced Fund	-	417,340
T Rowe Price Retirement 2005 Fund	-	128,003
T Rowe Price Retirement 2060 Fund	-	49,067
T Rowe Price Retirement 2055 Fund	-	5,173
Suspense	-	(84,529)
Total Mutual Funds	130,864,323	116,839,123
Total Investments	\$ 130,864,323	\$ 116,839,123

3. Investments (continued)

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, 2021 and 2020, were as follows:

	2021	2020
Fixed Investments - Investment Contract Pool	\$ 831,623,125	\$ 837,072,101
State Street S&P 500 Index Non-Lending Series Fund Class K	886,093,122	-
William Blair Large Cap Growth Collective Inv Fund-Class 5	375,560,554	-
Fidelity ® Puritan® Fund	372,101,334	327,130,643
State Street S&P MidCap Index Non-Lending Series Fund Class M	266,074,208	-
T Rowe Price Institutional Small Cap Stock Fund, Inc.	245,584,398	215,904,300
Delaware Value Fund - Institutional Class	224,193,012	191,683,635
American Funds-EuroPacific Growth Fund® -Class R6	198,153,227	194,453,513
T Rowe Price Structured Research Common Trust Fund	183,269,119	-
TWC Core Fixed Income Fund - I Class	174,478,063	168,280,995
T Rowe Price Retirement 2025 Trust B	173,233,908	152,639,962
T Rowe Price Retirement 2030 Trust B	167,791,812	142,183,301
T Rowe Price Retirement 2020 Trust B	151,568,659	143,887,135
State Street Russell Small Cap Index Non-Lending Series Fund Class K	127,130,983	-
State Street U.S. Bond Index Non-Lending Series Fund Class M	126,843,747	-
State Street International Index Non-Lending Series Fund Class M	126,310,568	-
T Rowe Price Retirement 2035 Trust B	113,067,844	93,924,631
T Rowe Price Mid Cap Value Fund, Inc.- Retail Shrs	112,004,065	85,508,458
Janus Henderson Enterprise Fund-N Shrs	95,524,489	82,852,062
T Rowe Price Retirement 2040 Trust B	95,451,820	78,211,254
T Rowe Price Retirement 2015 Trust B	69,173,335	67,321,985
T Rowe Price Retirement 2045 Trust B	64,335,967	50,562,475
Parnassus Core Equity Fund-Inst Shrs	60,206,212	-
T Rowe Price Retirement 2050 Trust B	52,523,791	40,008,124
T Rowe Price Retirement 2055 Trust B	32,373,842	24,561,197
T Rowe Price Retirement 2010 Trust B	29,089,096	27,440,132
Fidelity ® 500 Index Fund	26,578,847	710,990,357
T Rowe Price Retirement Balanced Fund	15,352,375	14,387,862
Vanguard ® Mid Cap Index Fund-Inst Plus Shrs	12,126,159	229,231,194
T Rowe Price Retirement 2060 Trust B	9,408,389	6,264,629
William Blair Large Cap Growth Fund - Class R6	9,119,100	-
T Rowe Price Retirement 2005 Trust B	6,395,409	6,228,904
T Rowe Price U.S. Equity Research Fund - I Class	6,202,580	5,155,644
Vanguard ® Federal Money Market Fund-Investor Class	4,953,442	6,188,881
Vanguard ® Small Cap Index Fund-Inst Shrs	4,738,583	113,526,880
Vanguard ® Total Bond Market Index Fund-Inst Shrs	3,483,639	131,149,794
T Rowe Price Retirement I 2020 - I Class	3,279,603	-
Great West Life Assurance Company	3,017,899	3,077,695
T Rowe Price Retirement I 2025 - I Class	2,588,845	-
Vanguard ® Total International Stock Index Fund-Inst Shrs	2,325,213	105,012,668
T Rowe Price Retirement I 2015 - I Class	1,780,998	-
T Rowe Price Retirement I 2030 - I Class	1,393,312	-
T Rowe Price Retirement I 2010 - I Class	1,027,175	-
T Rowe Price Retirement I 2035 - I Class	979,646	-

3. Investments (continued)

	2021	2020
T Rowe Price Retirement I 2040 - I Class	833,017	-
T Rowe Price Retirement I 2045 - I Class	816,058	-
T Rowe Price Retirement I 2050 - I Class	720,968	-
T Rowe Price Retirement Balanced Fund - I Class	379,592	-
T Rowe Price Retirement I 2005 - I Class	126,803	-
T Rowe Price Retirement I 2060 - I Class	70,904	-
T Rowe Price Retirement 2065 Trust B	32,373	-
T Rowe Price Retirement I 2055 - I Class	27,433	-
American Funds-The Growth Fund of America® -Class R6	-	336,995,375
T Rowe Price Structured Research Trust C	-	181,730,017
Parnassus Equity Income Fund-Inst Shrs	-	44,344,059
T Rowe Price Retirement 2020 Fund	-	3,636,442
T Rowe Price Retirement 2025 Fund	-	2,091,241
T Rowe Price Retirement 2015 Fund	-	1,650,653
T Rowe Price Retirement 2030 Fund	-	1,292,082
T Rowe Price Retirement 2010 Fund	-	961,366
T Rowe Price Retirement 2045 Fund	-	903,676
T Rowe Price Retirement 2035 Fund	-	777,041
T Rowe Price Retirement 2040 Fund	-	654,780
T Rowe Price Retirement 2050 Fund	-	581,523
T Rowe Price Retirement 2005 Fund	-	128,003
T Rowe Price Retirement 2060 Fund	-	49,067
T Rowe Price Retirement 2055 Fund	-	5,173
Suspense	(217,198)	41,453
Total Mutual Funds	4,639,678,339	3,993,610,261
Nationwide Fixed Annuities	48,064,968	51,242,485
Nationwide Life annuity payout reserves	5,485,405	6,158,326
Metropolitan Life annuity payout reserves	2,720,723	2,998,519
Total Annuities	56,271,096	60,399,330
Total Investments	\$ 5,527,572,560	\$ 4,891,081,692

Investment Contract Pool (ICP)

The purpose and objective of the ICP is to provide participants in the Plans with an investment vehicle that:

- emphasizes safety through preservation of principal and accrued income;
- provides benefit responsiveness for qualifying participant withdrawals at book value;
- credits a rate of interest that exhibits low volatility and tracks the general direction of interest rates;
- delivers as high a return as possible subject to these constraints;
- exceeds the returns on money market investments by 100 - 200 basis points per year over a full market cycle: and diversifies portfolio holdings by product, security, and issuer;

ICP interest income in the 457, 401(k) and 401(a) Match Plans is recorded based upon a blended rate of the contractual interest of all investment contracts in effect during the period. These amounts are credited to the participants' accounts prior to charges for administrative expenses charged by NRS and the Board. The blended gross interest rate was 1.56% as of December 31, 2021, and ranged from 1.50% to 1.58% during the year ended December 31, 2021. The blended gross interest rate was 2.30% as of December 31, 2020, and ranged from 2.30%

3. Investments (continued)

to 2.36% during the year ended December 31, 2020. The contract value as of December 31, 2021 and 2020, was 831,623,125 and \$837,072,101, respectively. The fair market value as of December 31, 2021 and 2020, was \$831,623,125 and \$837,072,101 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 3.5% as of December 31, 2021 and 2020.

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 participants' accounts prior to charges for administration expenses charged by NRS and the Board. The gross interest rate paid on contributions to this investment was 4.0% in both 2021 and 2020. 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, *Deposit and Investment Risk Disclosures*, which defines these risks as follows:

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates adversely affect the fair value of the investments.

Average Maturities. The investments and weighted average maturities as of December 31, 2021 and 2020, were as follows:

	December 31, 2021	
	Valuation	Weighted Average Maturity
Investment Contract Pool	\$ 831,623,125	2.94 years
TCW Core Fixed Income Fund - I Class	\$ 174,478,063	6.28 years
Vanguard Federal Money Market Fund - Investor Class	\$ 4,953,442	0.1 years
Great-West Fixed Investment Fund	\$ 3,017,899	6.27 years
	December 31, 2020	
	Valuation	Weighted Average Maturity
Investment Contract Pool	\$ 837,072,101	2.87 years
TCW Core Fixed Income Fund - I Class	\$ 168,280,995	5.39 years
Vanguard Federal Money Market Fund - Investor Class	\$ 6,188,881	0.1 years
Great-West Fixed Investment Fund	\$ 3,077,695	6.22 years

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

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.

3. Investments (continued)

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 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. Consistent with the Plans investment Policy, all funds are measured using US dollars and the Plans do not have any foreign currency risks associated with any investments within the total portfolio.

Interest rate risk, credit risk and concentration of credit risk – Since all investments are participant directed, all risks are at the participant level. Each participant has the ability to liquidate his/her positions on demand and has responsibility for managing his/her exposure to fair value loss. Participants have the option to change their investment options at any time and to any investment available to alter their interest rate risk. Therefore, funds made available to participants are subject to the limitations contained within the investment policy.

The ICP had a reported credit rating of AA for the years ended December 31, 2021 and 2020. Mutual Funds are not rated.

Custodial credit risk for 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; or (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.

4. Investment Fair Value Measurements

Government Accounting Standards Board Statement No. 72 ("GASB 72"), *Fair Value Measurement and Application*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. GASB 72 established a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

The three levels are defined as follows:

Level 1 – observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 – that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices for similar assets or liabilities in active markets).

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

MSRP categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of December 31, 2021 and 2020:

Bond and Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The table below summarizes MSRP bond and equity securities measured at fair value as of December 31, 2021 and 2020, presented in the fair value hierarchy. Also shown are investments measured at the net asset value (NAV).

Investments valued at NAV consist of investments which provide safety, similar to mutual funds, with a lower cost to participants.

4. Investment Fair Value Measurements (continued)

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2021				
Investments by fair value level				
Bond and Equity Securities				
Balanced	\$ 571,102,422	\$ 571,102,422	\$ -	\$ -
Large-Cap Stocks	326,299,750	326,299,750	-	-
Small-Cap Stocks	250,322,982	250,322,982	-	-
Mid-Cap Stocks	219,654,712	219,654,712	-	-
International Stocks	200,478,441	200,478,441	-	-
Bonds	177,961,702	177,961,702	-	-
Target Date Retirement Funds	13,644,762	13,644,762	-	-
Total Investments by fair value level	\$ 1,759,464,771	\$ 1,759,464,771	\$ -	\$ -
Investments measured at the net asset value (NAV)				
Equities	\$ 1,781,169,434			
Collective Investment Trusts	964,446,245			
Investment Contract Pool (ICP)	831,623,125			
Bonds	126,843,748			
Annuities	56,271,096			
Money Markets	4,953,442			
Contracts (Certificate investments)	3,017,899			
Suspense	(217,198)			
Total Investments measured at the net asset value	\$ 3,768,107,791			
As of December 31, 2020				
Investments by fair value level				
Bond and Equity Securities				
Large-Cap Stocks	\$ 1,284,013,426	\$ 1,284,013,426	\$ -	\$ -
Mid-Cap Stocks	397,591,714	397,591,714	-	-
Balanced	341,518,505	341,518,505	-	-
Small Cap	329,431,180	329,431,180	-	-
International Stocks	299,466,181	299,466,181	-	-
Bonds	299,430,789	299,430,789	-	-
Target Date Retirement Funds	17,886,691	17,886,691	-	-
Total Bond and Equity Securities	\$ 2,969,338,486	\$ 2,969,338,486	\$ -	\$ -
Investments measured at the net asset value (NAV)				
Collective Investment Trusts	\$ 1,014,963,746			
Investment Contract Pool (ICP)	837,072,101			
Annuities	60,399,330			
Money Markets	6,188,881			
Contracts (Certificate investments)	3,077,695			
Suspense	41,453			
Total Investments measured at the NAV	\$ 1,921,743,206			

5. Roth:

Maryland Teachers and State Employees Supplemental Retirement Plans

Year ended December 31, 2021 Roth disclosures, by plan type

The 457(b) and 401(k) Plans offer participants the opportunity to make post-tax contributions. Unlike traditional Pre-Tax IRA's Roth IRAs do not provide pre-tax benefits to employees. However, earnings on contributions are not subject to taxation and distributions after age 59 ½ are subject to income tax. During 2021 and 2020, Roth IRA increased by \$30.1 million or 25% and the number of participants increased by 1,001 or a 12%. Roth assets are included within the equity and fixed income securities reported within the financial statements shown on page 28 and 29.

	<u>457</u>	<u>401k</u>	<u>Total</u>
Assets	\$ 58,167,682	\$ 58,958,728	\$ 117,126,410
Contributions	1,745,035	1,658,926	3,403,961
Distributions	333,950	727,408	1,061,358
# Participants	4,182	4,010	8,192

Maryland Teachers and State Employees Supplemental Retirement Plans

Year ended December 31 2020, Roth disclosures, by plan type

	<u>457</u>	<u>401k</u>	<u>Total</u>
Assets	\$ 42,409,773	\$ 44,787,545	\$ 87,197,318
Contributions	2,004,799	1,941,833	3,946,632
Distributions	548,698	528,864	1,077,562
# Participants	3,669	3,522	7,191

6. Life Insurance:

Participants in the 457 Plan contributed \$1,440 and \$2,375 towards premiums for life insurance contracts offered by UNUM Life during the years ended December 31, 2021 and 2020. The amount of life insurance in force under these contracts was \$5,366,624 and \$6,067,657 at December 31, 2021 and 2020.

Unum Life paid \$39,580 and \$44,502 in claims during the years ended December 31, 2021 and 2020 for death benefits from life insurance contracts in force. The payment of death benefits are not included in these financial statements.

At the time of retirement or termination of employment from the State, employees have the option of continuing to make the life insurance premium payments or to receive the cash surrender value of the policy.

7. Agreement with Plan Administrator and Related Party Relationship:

The Board has appointed Nationwide Retirement Solutions, Inc. (NRS) as the plan administrator under an administrative services contract. NRS is a subsidiary Nationwide Financial Services, Inc., which also owns Nationwide, the provider of certain fixed annuities to the Plan.

8. Participant Fees - MSRP/NW

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

The current contract between the Board and NW, pursuant to which NW provides administrative services to MSRP, became effective October 1, 2020. Under the agreement, NW provides administrative services, such as account statements, financial statement monitoring, participant relations, and general management. NW charged fees at an annual rate of 0.009% from January 1, 2020 until September 30, 2020, the date on which the prior agreement between the Board and NW terminated and the current agreement became effective. Under the current agreement, NW charges an annual rate of 0.0775%. This is the rate that was effective from October 1, 2020 through December 31, 2020. The fee is charged against the mutual fund, collective investment trust, ICP, and fixed annuity assets.

From January 1, 2020 until September 30, 2020, and during 2019, an additional charge of 0.05% was imposed by MSRP for its expenses (i.e. staff, auditors, consultants, and other administrative expenses). The Board reduced this fee to 0.0425% effective October 1, 2020, to coincide with the effective date of the new administrative services agreement with NW and reduced fee thereunder as describe above. This was the rate that was in effect from October, 1, 2020 through December 31, 2020. The Board fee is collected directly from participants' accounts.

During 2021 and 2020, an additional fee of \$0.50 per month was charge 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 the revenue for Board operations. The annual cap on participant charges was \$2,000 for 2021 and 2020.

Participants choosing to exercise loan options are assess an origination fee of \$50 and an annual loan maintenance fee of \$50. And, if repayments are not made timely, a \$50 default fee will be assessed with a continue annual loan maintenance fee until all repayments are received.

9. Tax Status:

The United States Treasury Department advised on January 17, 1975, that the Plan conforms with provisions of Section 401 (k), 403 (b), and 457 of the Internal Revenue Code and, therefore, the amounts of compensation deferred by employees participating in the Plan 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, his beneficiary, or his estate. The Treasury Department has reaffirmed the tax status of the Plan on several occasions in connection with plan amendments, the latest being May 25, 1976.

The Department of Health, Education and Welfare advised on September 26, 1974, that amounts deferred under the Plans represent remuneration for employment, therefore, constitute wages under Section 209 of the Social Security Act. Consequently, the amounts deferred are subject to social security taxes in the year deferred. The Department of Health, Education and Welfare further advised that under Section 203(b) of the Social Security Act, benefit payments under the Plan do not constitute earnings and thus are not subject to social security taxes in the year received.

10. Related Parties:

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



Supplemental Information

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

**Schedule of Administrative Expenses (Unaudited)
For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Plan Administrator		
Third party administrator fees	\$ 7,964,928	\$ 7,242,787
MSRP - Plan Sponsor		
Salaries, wages and fringe benefits	1,221,029	1,012,000
Contractual services	308,157	301,178
Fixed charges	173,289	173,289
Supplies and materials	31,044	-
Travel	-	13,531
Equipment and furnishings	199,113	9,991
Technical and special fees	-	-
Plan Sponsor Expenses	<u>1,932,632</u>	<u>1,509,989</u>
Plan Sponsor Total - Net	<u>1,932,632</u>	<u>1,509,989</u>
Total Administrative Expenses (Fees and Plan Administrator)	<u>\$ 9,897,560</u>	<u>\$ 8,752,776</u>

*See Note 8 for more information.



Investment Section (Unaudited)

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

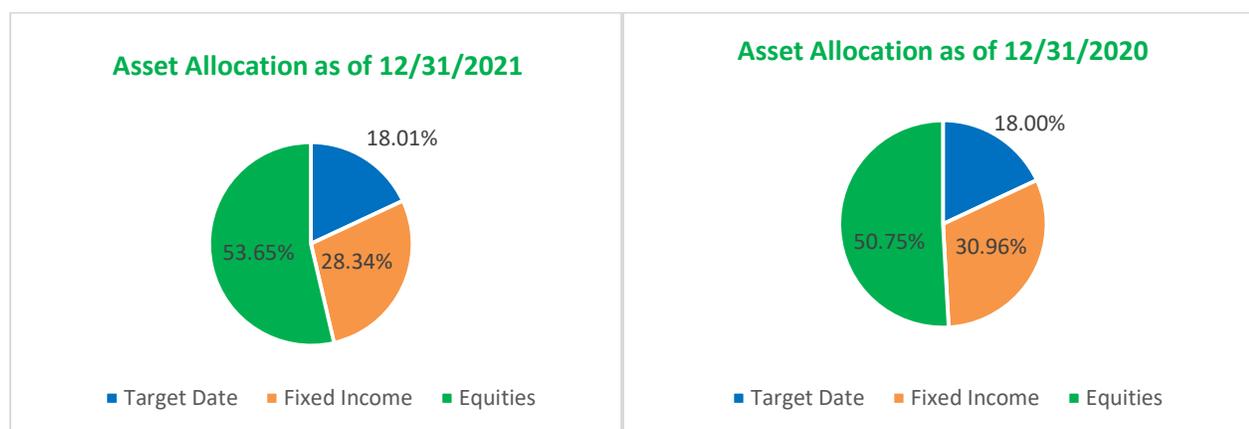
Plan Summary Report

For period ended December 31, 2021
Prepared by Segal Marco Advisors

The Maryland Teachers and State Employees Supplemental Retirement Plans (the Plans) are long-term retirement savings vehicles and are intended as sources of retirement income for eligible participants. The Plans vehicles are available for voluntary participation for those eligible participants who wish to bridge the gap between the State Pension Plan, Social Security and their own retirement needs. The investment options available from the Plans cover a broad range of investment risk and rewards appropriate for this kind of retirement savings program. Participants bear the risk and reap the rewards of investment returns that result from the investment options they select.

Assets of the Plans totaled \$5.57 billion as of December 31, 2021. This reflected an increase of approximately \$635.5 million from the prior calendar year-end. During 2021, the Plans received \$190.2 million in contributions and paid \$300.5 million in distributions to participants, which accounted for a \$110.3 million decrease in Plans assets that was offset by investment earnings of \$752.1 million.

In terms of the overall asset allocation, the assets were invested as follows: 53.65% in equities, 28.34% in fixed income, and 18.01% in target date. The graph below shows the asset allocation for the year end 2020 and 2021.



The largest investment option was the State Street S&P 500 Index, which comprised 16% of Plans assets.

Top 5 Holdings for the Combined Plans	% of Total
State Street S&P 500 Index	16%
Investment Contract Pool	15%
Fidelity Puritan	7%
William Blair Large Cap Growth	7%
State Street S&P MidCap Index	5%
Subtotal	49%

Plan Specific Asset Information

- The 401(k) Plan comprised the largest portion of the Plans at 50%, with \$2.77 billion in assets as of December 31, 2021. As of year-end, participants' assets were invested 55.5% in equities, 26.2% in fixed income, and 18.3% in target date funds. The largest investment option was the State Street S&P 500 Index with 17.4% of participant assets.

- The assets of the 457 Plan were valued at \$2.4 billion as of December 31, 2021, comprising 43.1% of the Plans' combined assets. As of year-end, participants' assets were invested 49.5% in equities, 31.8% in fixed income, and 18.7% in target date. The largest investment option was the Investment Contract Pool with 17.5% of participant assets.
- As of December 31, 2021, the 401(a) Plan was valued at \$257.8 million, which accounted for 4.6% of the Plans' assets. The largest investment option was the State Street S&P 500 Index with 26.1% of participant assets. As of year-end, participants' assets were invested 65.5% in equities, 22.7% in fixed income, and 11.9% in target date
- The 403(b) Plan comprised the smallest portion of the overall Plans, with \$131.3 million in assets, which accounted for 2.4% of the Plans' assets. As of year-end, participants' assets were invested 67.4% in equities, 21.9% in fixed income, and 10.7% in target date. The largest investment option in the 403(b) Plan, by participant assets, was the Fidelity 500 Index Fund at 20.3%.

Summary of the Investment Policy Statement

Objectives of the Plans

The Plans are long-term retirement savings vehicles and are intended as a source of retirement income for eligible participants. The investment options available cover a broad range of investment risk and rewards appropriate for these kinds of retirement savings programs. Participants bear the risk and reap the rewards of investment returns that result from the investment options they select.

A Statement of Investment Policy has been adopted by the Plans' Board of Trustees and serves the following purposes:

- To ensure that a broad range of investment options are offered to Plans participants;
- To establish an investment program that will allow Plans participants the opportunity to structure an investment strategy that meets their individual return objectives and risk tolerances;
- To define the investment categories offered by the Plans;
- To establish investment objectives and guidelines for each investment category offered within the Plans;
- To establish benchmarks and performance standards for each investment category and to evaluate each option's performance against appropriate benchmarks and standards;
- To establish a procedure for reporting and monitoring of the various investment options;
- To define the procedures for investment option evaluation and formal review; and
- To set guidelines and procedures for withdrawal of an investment option which, in the Board's opinion, does not, or will not, fulfill the Plans' objectives for which it was selected and replace the option with an appropriate substitute.

The Investment Policy Statement is intended to be dynamic and should be reviewed periodically and revised when appropriate.

Investment Categories

The Plans offer the following categories of investments:

- Money Market
- Fixed Investments
- Bonds
- Balanced Funds
- Domestic Large Cap Equity
- Domestic Mid Cap Equity
- Domestic Small Cap Equity
- International Equity
- Lifecycle/Target Date Funds

Within each category of investment, more than one investment option may be offered. For many of the categories, both actively managed and passively managed investment options are available. Additionally, there may be multiple styles (e.g., value, growth, blend) offered. Each investment option offered under the Plans shall:

- Operate in full accordance with its current published prospectus, “fact sheet”, or investment guidelines; and
- Have its performance results measured against the applicable performance standards described in the Investment Policy Statement for that investment category.

If the Board determines an investment option no longer meets the performance criteria, it may replace that option with a suitable alternative pursuant to an investment option evaluation procedure outlined in the Investment Policy Statement. From time-to-time, investment options/categories may be added to the core line-up.

Investment Option Analysis

Please refer to Exhibit A for more detailed results and investment option fees.

Stable Value/ Money Market

- **Investment Contract Pool (ICP):** As the second largest option in terms of Plans' assets, this stable value option was valued at \$831.6 million as of December 31, 2021. This investment option is not available on the 403(b) Plan. Galliard commenced managing the ICP on February 1, 2014 until December 31, 2021. Effective January 1, 2022, T. Rowe Price commenced managing the ICP. The Q4 2021 return was 0.38%, which was 4 basis points below the Hueler return. The 2021 calendar year return was 1.67%.
- **Nationwide Fixed Annuity:** This option is only included in the investment line-up of the 457 Plan. Additionally, this option is frozen and therefore no longer accepting contributions. As of December 31, 2021, the value of the option was \$48.1 million.
- **GW Daily Interest Guarantee, GW 36 Month CD, GW 60 Month CD, GW 84 Month CD:** These frozen investment options were previously offered in the 403(b) Plan. As of December 31, 2021, the largest fund by participant assets was the 84-month CD, which was valued at \$1.9 million. The 36-month CD, 60-month CD, and the Daily Interest Guarantee were valued at approximately \$0.23 million, \$0.38 million, and \$0.18 million respectively.
- **Vanguard Federal Money Market:** Another option only offered in the 403(b) Plan, this option had approximately \$5.0 million in assets as of December 31, 2021. Over the 1-year period, the Fund earned 1 basis point, which was slightly lower than the Lipper U.S. Government Money Market Index. During the last 5 years, the Fund earned 1.04% on an average, annual basis, which was better than its benchmark.

Passive Options

- **Vanguard Total Bond Market Fund:** This passively managed core bond fund (offered in the 403(b) plan only) underperformed its custom policy index for the quarter and for the 1-year period of 2021 by 13 basis points and 7 basis points, respectively. The bond fund slightly underperformed its custom policy index for the 3-, 5-, and 10-years periods ending December 31, 2021. Participant investments in this fund were valued at \$3.5 million as of December 31, 2021.
- **State Street U.S. Bond Index:** This passively managed core bond strategy was added in August 2021 and is included in the 457, 401(a) and 401(k) Plans. The strategy underperformed the Barclays Capital Aggregate Bond Index by 3 basis points for the quarter. Participant investments in this strategy were valued at \$126.8 million as of December 31, 2021.
- **Fidelity 500 Index 403(b) only:** This passively managed large cap blend fund (offered in the 403(b) plan only). The fund performs in line with the S&P 500 Index. Participant investments in this fund were valued at \$26.6 million as of December 31, 2021.
- **State Street S&P 500 Index:** This passively managed large cap blend strategy was added in August 2021 and is included in the 457, 401(a) and 401(k) plans. The strategy performs in line with the S&P 500 Index. Participant investments in this strategy were valued at \$886.1 million as of December 31, 2021, making it the largest option in the Plans in terms of assets.

- **Vanguard Mid Cap Index Institutional Plus:** This passively managed mid cap blend equity fund (offered in the 403(b) plan only) performs in line with its custom policy index. Participant investments in this fund were valued at \$12.1 million as of December 31, 2021.
- **State Street S&P Mid Cap Index:** This passively managed mid cap blend equity strategy was added in August 2021 and is included in the 457, 401(a) and 401(k) plans. The strategy generally performs in line with the S&P MidCap 400 Index. Participant investments in this strategy were valued at \$266.1 million as of December 31, 2021.
- **Vanguard Small Cap Index Institutional:** This passively managed small cap blend equity fund (offered in the 403(b) plan only) produced results generally consistent with its custom policy index. For the trailing 10-year period, it underperformed the index by 7 basis points. Participant investments in this fund were valued at \$4.7 million as of December 31, 2021.
- **State Street Russell Small Cap Index:** This passively managed small cap blend equity strategy was added in August 2021 and is included in the 457, 401(a) and 401(k) plans. For the quarter, the strategy outperformed the Russell 2000 index by 3 basis points for the quarter. Participant investments in this strategy were valued at \$127.1 million as of December 31, 2021.
- **Vanguard Total International Stock Institutional:** This passively managed international blend fund (offered in the 403(b) plan only) outperformed its custom policy index by 36 basis points for the quarter. The fund slightly underperformed its custom policy index for the trailing 1- and 3-year periods. Participant investments in this fund totaled \$2.3 million of as December 31, 2021.
- **State Street International Index:** This passively managed international developed blend strategy was added in August 2021 and is included in the 457, 401(a) and 401(k) plans. The strategy outperformed the MSCI EAFE index for the quarter. Participant investments in this strategy totaled \$126.3 million of as December 31, 2021.

Active Options

- **TCW Core Fixed Income Fund:** As of December 31, 2021, participant assets invested in this fund were valued at \$174.5 million. This total includes assets of participants from each of the four Plans. For the year, the fund underperformed the Barclays Capital Aggregate Bond Index by 14 basis points and ranked at the median in its peer group. Over the trailing 3- and 5- year periods, the fund outperformed the index and ranked above the median in its peer group.
- **Fidelity Puritan Fund:** As of December 31, 2021, \$372.1 million of participant assets were invested in this fund, one of the Plans' balanced options. For the year, the Fidelity Puritan Fund outperformed its blended benchmark and ranked in the top quartile of its peer group. The fund also ranked among the top quartile of the balanced mutual fund universe during the 3-, 5-, and 10-year periods.
- **Delaware Value Instl Fund:** The Delaware Value Fund outperformed the Russell 1000 Value Index for the quarter but underperformed for the 1-year period of 2021; it ranked above the median of the large cap value mutual fund universe for the quarter, but below for the 1-year period. Over the 3- and 5-year periods, it underperformed its benchmark and ranked below the median in its peer group. As of December 31, 2021, participant assets invested in this fund were valued at \$224.2 million.
- **T. Rowe Price U.S. Equity Research:** The T. Rowe Price U.S. Equity Research replaced the American Century Equity Growth in 2020. For the calendar year 2021, the actively managed large cap blend fund

underperformed the S&P 500 Index but ranked above the median in its peer group. Both share classes outperformed the Index for the trailing 3- and 5-year periods. As of December 31, 2021, participant assets invested in this investment option were valued at \$183.3 million (Class C; included in the 457, 401(a) and 401(k) plans) and \$6.2 million (I-share Class; included in 403(b) plan only).

- **Parnassus Equity Income Instl:** The large cap blend equity, socially responsible option, underperformed the S&P 500 Index during 2021 but ranked above the median in its peer group. The fund outperformed the market index during the trailing 3- and 5-year periods and ranked in the top quartile of its peer group for the same periods. As of December 31, 2021, participants' assets invested in this fund were valued at \$60.2 million.
- **William Blair Large Cap Growth:** This actively managed large cap growth fund replaced the American Funds Growth Fund of America Fund in 2021. Both the commingled fund (included in the 457, 401(a) and 401(k) plans) and the mutual fund (R6-share class) (included in 403(b) plan only) underperformed the Russell 1000 Growth Index for the fourth quarter but outperformed for the 1-year period. For both periods, the Funds ranked in the top quartile of their peer group. As of December 31, 2021, participant assets invested in this investment option were valued at \$375.6 million (commingled fund; included in the 457, 401(a) and 401(k) plans) and \$9.1 million (R6-share class; included in 403(b) plan only).
- **T. Rowe Price Mid Cap Value:** The Plans' actively managed mid cap value equity fund underperformed the Russell Mid Cap Value Index and ranked below the median of the mid cap value equity mutual fund universe for the quarter. For the trailing 1-, 3-, and 5-year periods the fund also underperformed the Index. As of December 31, 2021, participant assets invested in this fund were valued at \$112.0 million.
- **Janus Enterprise N:** For the quarter, the fund outperformed the Russell Mid Cap Growth Index and ranked above the median of the mid cap growth mutual fund universe. The fund outperformed the Index and ranked above the median of its peer group for the trailing 1-year period but underperformed for the trailing 3- and 5-year periods and ranked below the median of its peer group for those periods. Participant assets invested in this fund were valued at \$95.5 million as of December 31, 2021.
- **T Rowe Price Small Cap Stock:** The Plans' actively managed small cap blend equity fund outperformed the Russell 2000 Index but ranked below the median of its peer group during the trailing 1-year period. The fund exceeded both comparative measures during the trailing 3-, 5- and 10- year periods. As of December 31, 2021, participant assets invested in this fund were valued at \$245.6 million.
- **American Funds EuroPacific Growth Fund:** During the trailing 1-year period, the Plans' actively managed international equity fund underperformed the MSCI ACWI ex-US Index and ranked in the bottom quartile of the international large cap equity mutual fund universe. However, the fund outperformed the index for the trailing 3- and 5-year periods. For both the trailing 3- and 5-year periods, the fund ranked in the top quartile of its peer group. As of December 31, 2021, participant assets invested in the fund were valued at \$198.2 million.
- **T Rowe Price Retirement Funds:** The T. Rowe Price Retirement Funds are the Plans' target date options. T. Rowe Price Retirement Trust Class B was included in all plans except the 403(b) plan, which continues to hold the T. Rowe Price Retirement Funds mutual fund. Participants' assets invested in the Class B target date funds were valued at \$964.4 million as of December 31, 2021. Participants' assets invested in the T. Rowe Price Retirement Funds (403(b) only) were valued at \$13.6 million as of December 31, 2021. Assets invested in the T. Rowe Price Retirement Balanced Fund totaled \$15.8 million for all plans.

These funds have varied asset allocations, based upon the projected retirement date of a participant, with more conservative allocations as the “targeted” retirement date approaches. For 2021, the most conservative fund (T. Rowe Price Retirement 2005) gained 8.02% (Class B), while the most aggressive fund (T. Rowe Price Retirement 2060), designed for participants approximately 40+ years from retirement, gained 17.44% (Class B). On an annualized 5-year basis, the funds designed for participants that are in or close to retirement (T. Rowe Price Retirement 2005 to 2010) produced returns ranging from approximately +8.20% to approximately +8.80%, whereas the fund designed for those younger participants (T. Rowe Price Retirement 2060) earned approximately +14.57%. The following table illustrates the broad asset allocation of each of the specific lifecycle funds for the period ending December 31, 2021.

**T. Rowe Price Retirement Funds Class B Asset Allocation Breakdown
As of December 31, 2021**

	<u>Domestic Equity</u>	<u>Int'l Equity</u>	<u>Fixed</u>	<u>Real Assets</u>	<u>Cash</u>
T Rowe Price Retirement 2005 Class B	28.5%	11.9%	56.1%	1.1%	2.4%
T Rowe Price Retirement 2010 Class B	31.2%	13.2%	51.7%	1.3%	2.7%
T Rowe Price Retirement 2015 Class B	33.2%	14.1%	48.5%	1.4%	2.9%
T Rowe Price Retirement 2020 Class B	37.2%	15.4%	44.5%	1.6%	1.3%
T Rowe Price Retirement 2025 Class B	41.2%	17.8%	36.4%	1.8%	2.8%
T Rowe Price Retirement 2030 Class B	49.2%	21.0%	25.0%	2.1%	2.7%
T Rowe Price Retirement 2035 Class B	55.5%	23.7%	15.7%	2.4%	2.7%
T Rowe Price Retirement 2040 Class B	61.4%	26.1%	7.9%	2.6%	2.0%
T Rowe Price Retirement 2045 Class B	64.2%	27.4%	3.6%	2.7%	2.0%
T Rowe Price Retirement 2050 Class B	65.1%	27.7%	3.2%	2.8%	1.3%
T Rowe Price Retirement 2055 Class B	65.1%	27.7%	3.2%	2.7%	1.3%
T Rowe Price Retirement 2060 Class B	65.3%	27.6%	3.2%	2.7%	1.3%

Source: T. Rowe Price



Investment Performance Report

October 1, 2021 to December 31, 2021

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. 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 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 0.120% 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.

 Actively managed funds  Passively managed funds

Active funds have managers choose investments to attempt to achieve a goal, like outperforming an index or balancing risks with returns. Because of the management activity, these funds tend to have higher fees than passively managed funds. Passive funds normally carry lower than average fees and track the markets per their selected indices to create a diversified portfolio.

VRU	Investment Option	Morningstar Category	Ticker / CUSIP#	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date	Gross Expense Ratio
Retirement Date Trusts										
715 2390	 T. Rowe Price Retirement 2005 Fund T. Rowe Price Retirement 2005 Trust B	Target-Date 2000-2010	TRRFX 87280L200	8.05% 8.08%	11.42% 11.58%	8.17% 8.30%	7.22% N/A	6.27% 7.16%	02/27/04 01/13/12	0.49% 0.36%
		Combined Index Portfolio 2005		8.11%	11.63%	8.31%	7.15%			
716 2391	 T. Rowe Price Retirement 2010 Fund T. Rowe Price Retirement 2010 Trust B	Target-Date 2000-2010	TRRAX 87280M208	8.75% 8.79%	12.23% 12.38%	8.75% 8.88%	7.89% N/A	7.79% 7.81%	09/30/02 01/13/12	0.49% 0.36%
		Combined Index Portfolio 2010		8.95%	12.47%	8.91%	7.82%			
717 2392	 T. Rowe Price Retirement 2015 Fund T. Rowe Price Retirement 2015 Trust B	Target-Date 2011-2015	TRRGX 87280N206	9.54% 9.58%	13.12% 13.31%	9.47% 9.64%	8.77% N/A	7.09% 8.72%	02/27/04 01/13/12	0.51% 0.36%
		Combined Index Portfolio 2015		9.73%	13.34%	9.61%	8.68%			
718 2393	 T. Rowe Price Retirement 2020 Fund T. Rowe Price Retirement 2020 Trust B	Target-Date 2016-2020	TRRBX 87280V208	10.47% 10.44%	14.28% 14.43%	10.43% 10.57%	9.69% N/A	8.91% 9.61%	09/30/02 01/13/12	0.53% 0.36%
		Combined Index Portfolio 2020		10.64%	14.46%	10.49%	9.56%			
719 2394	 T. Rowe Price Retirement 2025 Fund T. Rowe Price Retirement 2025 Trust B	Target-Date 2021-2025	TRRHX 87280U200	11.88% 11.82%	15.78% 15.93%	11.51% 11.64%	10.62% N/A	8.01% 10.55%	02/27/04 01/13/12	0.55% 0.36%
		Combined Index Portfolio 2025		12.27%	16.00%	11.54%	10.47%			
720 2395	 T. Rowe Price Retirement 2030 Fund T. Rowe Price Retirement 2030 Trust B	Target-Date 2026-2030	TRRCX 87280Y202	13.55% 13.50%	17.25% 17.41%	12.53% 12.70%	11.47% N/A	9.91% 11.41%	09/30/02 01/13/12	0.58% 0.36%
		Combined Index Portfolio 2030		14.23%	17.54%	12.57%	11.32%			
721 2396	 T. Rowe Price Retirement 2035 Fund T. Rowe Price Retirement 2035 Trust B T.	Target-Date 2031-2035	TRRJX 87281G200	15.08% 15.06%	18.55% 18.75%	13.40% 13.62%	12.13% N/A	8.72% 12.09%	02/27/04 01/13/12	0.59% 0.36%
		Combined Index Portfolio 2035		16.08%	18.90%	13.47%	12.00%			
722 2397	 T. Rowe Price Retirement 2040 Fund T. Rowe Price Retirement 2040 Trust B	Target-Date 2036-2040	TRRDY 87281H208	16.35% 16.36%	19.66% 19.87%	14.15% 14.38%	12.63% N/A	10.44% 12.60%	09/30/02 01/13/12	0.60% 0.36%
		Combined Index Portfolio 2040		17.73%	20.06%	14.22%	12.51%			
723 2398	 T. Rowe Price Retirement 2045 Fund T. Rowe Price Retirement 2045 Trust B	Target-Date 2041-2045	PRILX 87281J204	17.20% 17.25%	20.36% 20.56%	14.56% 14.80%	12.84% N/A	9.27% 12.81%	05/31/05 01/13/12	0.62% 0.36%
		Combined Index Portfolio 2045		18.76%	20.78%	14.63%	12.72%			
728 2399	 T. Rowe Price Retirement 2050 Fund T. Rowe Price Retirement 2050 Trust B	Target-Date 2046-2050	TRRMX 87281K201	17.35% 17.40%	20.40% 20.60%	14.57% 14.80%	12.84% N/A	8.54% 12.82%	12/29/06 01/13/12	0.63% 0.36%
		Combined Index Portfolio 2050		18.92%	20.84%	14.66%	12.74%			
729 2400	 T. Rowe Price Retirement 2055 Fund T. Rowe Price Retirement 2055 Trust B	Target-Date 2051-2055	TRRNX 87281M207	17.29% 17.41%	20.35% 20.58%	14.52% 14.80%	12.82% N/A	8.52% 12.81%	12/29/06 01/13/12	0.64% 0.36%
		Combined Index Portfolio 2055		18.91%	20.84%	14.66%	12.74%			
1152 2401	 T. Rowe Price Retirement 2060 Fund T. Rowe Price Retirement 2060 Trust B	Target-Date 2056-2060	TRRLX 87281N205	17.41% 17.44%	20.36% 20.61%	14.54% 14.79%	N/A N/A	10.59% 11.32%	06/23/14 01/05/15	0.64% 0.36%
		Combined Index Portfolio 2060		18.90%	20.83%	14.66%	N/A			
2724 2844	 T. Rowe Price Retirement 2065 Fund T. Rowe Price Retirement 2065 Trust B	Target-Date 2056-2060	TRRLX 87281N205	18.52% 18.42%	N/A N/A	N/A N/A	N/A N/A	25.34% 27.40%	10/13/20 10/19/20	0.46% 0.36%
		Combined Index Portfolio 2060		19.64%	N/A	N/A	N/A			

Funds listed in Gray have been replaced by their corresponding Trust in 457(b), 401(k) and 401(a) plans. T. Rowe Price Retirement Funds remain in 403(b) plans.

* N/A for CITs

VRU	Investment Option	Morningstar Category	Ticker/CUSIP	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date	Gross Expense Ratio				
Short-Term Investments														
283	 Investment Contract Pool (Available for 457(b), 401(k) and 401(a) plans only.) Investment contracts with fixed-income managers/underwriters and insurance companies. Some have a fixed interest rate while others reset the interest rate 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.	Stable Value	N/A											
		<table border="1"> <tr> <th>Jan '22</th> <th>Dec '21</th> <th>Nov '21</th> </tr> <tr> <td>1.55%</td> <td>1.56%</td> <td>1.55%</td> </tr> </table>	Jan '22	Dec '21	Nov '21	1.55%	1.56%	1.55%		N/A	N/A	N/A	N/A	N/A
Jan '22	Dec '21	Nov '21												
1.55%	1.56%	1.55%												
1340	 Vanguard Federal Money Market Inv (Available only for the 403(b) plan.) Seeks to provide current income, while maintaining a stable \$1 NAV and a very short average maturity. Average maturity typically ranges from 30–70 days. Current Yield: 0.05%	Money Market	VMRXX	0.01%	0.86%	1.04%	0.56%	3.94%	07/13/81	0.11%				
		INDEX Citigroup 3-month T-bill		0.05%	0.96%	1.11%	0.60%							
Bonds														
1641	 TCW Core Fixed Income I^(a) Invests primarily in debt securities, such as U.S. Government and corporate obligations, bonds, notes, debentures, mortgage-backed securities, asset backed securities, and in U.S. dollar denominated foreign securities (government and corporate).	Intermediate-Term Bond	TGCFX	-1.27%	5.31%	3.83%	3.25%	5.28%	02/26/93	0.51%				
		INTERMEDIATE TERM BOND INDEX Bloomberg Capital US Aggregate Bond		1.54%	4.79%	3.57%	2.90%							
2822	 State Street U.S. Bond Index Non-Lending Series Fund Class M Seeks to maximize current income and achieve above average total return consistent with prudent investment management over a full market cycle. Under normal circumstances, the fund invests at least 80% of the value of its net assets, plus any borrowings for investment purposes, in debt securities. It may invest up to 5% of its net assets in below investment grade bonds (commonly known as "junk bonds").	N/A	857480404	-1.63%	4.80%	3.55%	2.87%	3.82%	04/30/09					
786	 Vanguard Total Bond Market Index Inst Not available for new deferrals.	Intermediate-Term Bond	VBPIX	-1.49%	4.89%	3.63%	2.89%	4.96%	09/18/95	0.04%				
		INTERMEDIATE TERM BOND INDEX Bloomberg Capital Intermediate Government Bond		-1.69%	3.02%	2.32%	1.68%							
Balanced														
724	 T. Rowe Price Retirement Balanced Fund^(a) Invests in a diversified portfolio of other T. Rowe Price stock and bond funds. The fund's "neutral allocations," which are what T. Rowe Price considers broadly appropriate for investors seeking a static asset allocation during their retirement years, are 40% stock funds and 60% bond funds.	Allocation - 30% - 50% Equity	TRRIX	8.38%	11.67%	8.24%	6.96%	6.71%	09/30/02	0.49%				
		COMBINED INDEX Portfolio Income		8.46%	11.75%	8.33%	6.94%							
199	 Fidelity Puritan Fund^(a) 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.	Allocation - 50% - 70% Equity	FPURX	18.94%	20.25%	14.62%	12.36%	11.12%	04/16/47	0.51%				
		BALANCED INDEX 60% S&P 500/40% Barclays Capital Aggregate Bond		15.86%	17.54%	12.62%	11.14%							
Large-Cap Stocks														
856	 Parnassus Core Equity Fund Inst^(a) 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.	Large Blend	PRILX	27.82%	26.69%	18.90%	16.64%	12.61%	04/28/06	0.62%				
		LARGE CAP BLEND INDEX Standard & Poor's 500 Index		28.71%	26.07%	18.47%	16.55%							
2823	 State Street S&P 500 Index Non-Lending Series Fund Class K The Fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the S&P 500® Index (the "Index") over the long term.	N/A	85744W705	28.66%	26.04%	18.45%	16.52%	9.54%	04/30/97					
2078	 Fidelity 500 Index^(a) Not available for new deferrals.	Large Blend	FXAIX	28.69%	26.06%	18.46%	16.54%	11.23%	02/17/88	0.02%				
		LARGE CAP BLEND INDEX Standard & Poor's 500 Index		28.71%	26.07%	18.47%	16.55%							
1749	 T. Rowe Price U.S. Equity Research I Invests in stocks within each industry based on weightings similar to the S&P 500. A team of industry-focused T. Rowe Price equity analysts is directly responsible for selecting stocks.	Large Blend	PCCOX	28.09%	26.75%	19.23%	16.79%	10.34%	11/30/94	0.34%				
		LARGE CAP BLEND INDEX Standard & Poor's 500 Index		28.71%	26.07%	18.47%	16.55%							

^(a) Part of the MSRP Mutual Fund Savings (reimbursement) Program.

VRU	Investment Option	Morningstar Category	Ticker/CUSIP	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date	Gross Expense Ratio
1749	 William Blair Large Cap Growth R6 (for 403b plans) Invests primarily in a diversified portfolio of equity securities, including common stocks and other forms of equity investments of large capitalized ("large cap") domestic growth companies.	Large Growth	LCGJX	28.42%	N/A	N/A	N/A	29.73%	05/02/19	0.70%
		LARGE CAP GROWTH INDEX Russell 1000 Growth		27.60%	34.08%	25.32%	19.79%			
1749	 William Blair Large Cap Growth CIF 5 (for 457 and 401 plans) Invests primarily in a diversified portfolio of equity securities, including common stocks and other forms of equity investments of large capitalized ("large cap") domestic growth companies.	N/A	96925W323	N/A	N/A	N/A	N/A	21.94%	02/12/21	
		LARGE CAP GROWTH INDEX Russell 1000 Growth		27.60%	34.08%	25.32%	19.79%			
2518	 T. Rowe Price Structured Research Trust C The Trust seeks to outperform the Standard & Poor's 500 Index® (the "S&P 500 Index") through stock selection, while constraining deviations from the S&P 500 Index with respect to sectors, industries, and fundamental characteristics.	Large Blend	87280E206	28.26%	27.13%	19.53%	17.09%	11.64%	05/02/05	0.28%
		LARGE CAP BLEND INDEX Standard & Poor's 500 Index		28.71%	26.07%	18.47%	16.55%			
942	 Delaware Value Inst Invests in large-capitalization companies, seeking consistent long-term performance. The Fund follows a traditional value-oriented investment philosophy using a research-intensive approach.	Large Value	DDVIX	22.37%	13.80%	10.21%	12.44%	8.31%	09/15/98	0.68%
		LARGE CAP VALUE INDEX CRSP US Large Value		26.51%	17.65%	12.53%	13.94%			
Mid-Cap Stocks				1	3	5	10			
2821	 State Street S&P MidCap Index Non-Lending Series Fund Class M Seeks an investment return that approximates as closely as practicable, before expenses, the performance of the S&P MidCap 400® Index (the "Index") over the long term.	N/A	857480701	24.74%	21.38%	13.06%	14.19%	10.80%	09/30/97	
899	 Vanguard Midcap Index Inst Plus Not available for new deferrals.	Mid Cap Blend	VMPX	24.53%	24.51%	15.89%	15.15%	13.64%	12/15/10	0.03%
		MID CAP BLEND INDEX S&P 400 Midcap Index		24.76%	21.41%	13.09%	14.20%			
1291	 Janus Enterprise Fund Invests primarily in common stocks selected for growth potential, and normally invests at least 50% of its equity assets in medium-sized companies. Medium-sized companies are those whose market capitalization falls within the range of companies in the Russell Midcap® Growth Index. It may also invest in foreign securities, which may include investments in emerging markets.	Mid Cap Growth	JDMNX	17.50%	24.21%	19.21%	17.09%	12.05%	09/01/92	0.66%
		MID CAP GROWTH INDEX Russell Midcap Growth		12.73%	27.46%	19.83%	16.63%			
802	 T. Rowe Price Midcap Value ^(a) 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.	Mid Cap Value	TRMCX	24.53%	17.85%	10.31%	13.06%	11.48%	06/28/96	0.78%
		MID CAP VALUE INDEX Russell Midcap Value		28.34%	19.62%	11.22%	13.44%			
Small-Cap Stocks				1	3	5	10			
1533	 T. Rowe Price Inst Small Cap Stock Fund 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. Stock selection may reflect either a growth or value approach.	Small Cap Growth	OTCFX	16.77%	25.05%	16.96%	16.21%	11.48%	03/31/00	0.66%
		SMALL CAP GROWTH INDEX CRSP US Small Cap Growth		5.71%	23.84%	16.91%	14.60%			
2820	 State Street Russell Small Cap Index Non-Lending Series Fund Class K The Fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Russell 2000® Index (the "Index") over the long term.	N/A	857480602	14.84%	19.96%	11.94%	13.08%	8.81%	09/30/96	
891	 Vanguard Small Cap Index Fund Inst Not available for new deferrals	Small Cap Blend	VSCIX	17.73%	21.34%	13.50%	14.17%	9.76%	07/07/97	0.04%
		SMALL CAP BLEND INDEX Russell 2000		14.82%	20.02%	12.02%	13.23%			
International Stocks				1	3	5	10			
835	 American Funds Euro Pacific Growth R6 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. Normally, at least 80% of assets must be invested in securities of issuers domiciled in Europe or the Pacific Basin.	Foreign Large Growth	RERGX	2.84%	17.95%	12.87%	10.01%	11.07%	04/16/84	0.46%
		FOREIGN LARGE GROWTH FTSE Developed ex North America		9.93%	13.70%	9.74%	8.14%			
2819	 State Street International Index Non-Lending Series Fund Class M The Fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the MSCI EAFE Index (the "Index") over the long term.	N/A	857480503	11.42%	13.82%	12.30%	9.52%	10.23%	11/30/08	
883	 Vanguard Total International Stock Index Inst Not available for new deferrals.	Foreign Large Blend	VTSNX	8.68%	13.71%	9.93%	7.71%	6.08%	11/29/10	0.08%
		INTERNATIONAL INDEX FTSE Global All Cap ex US		9.13%	14.15%	10.23%	8.07%			

CUSIP/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.

Nationwide Fixed Account [457(b) plan only] Average Quarterly Annualized Crediting

This option is closed to deferrals and transfers from other investment options.

1st Qtr 22	4th Qtr 21	3rd Qtr 21	2nd Qtr 21
3.50%	3.50%	3.50%	3.50%

Note: The above yields were supplied by Nationwide. 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 0.120%. No account will be charged more than \$2,000 in 2022. 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 2022 minimum guaranteed yield is 3.50%. Guarantees and protections are subject to the claims paying ability of Nationwide Life Insurance Company.

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 22	4th Qtr 21	3rd Qtr 21
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 0.12%. No account will be charged more than \$2,000 for the year.

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.

Retirement Date Trusts also known as target date options, are asset allocation trusts that are based on a targeted date as to when an investor plans to begin to withdraw money. These trusts use a strategy that reallocates equity exposure to a higher percentage of fixed investments over time. As a result, the trusts 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 trust(s) is not guaranteed at any time, including at the target date. There is no guarantee that Retirement Date trusts will provide enough income for retirement.

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 Federal 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.

This document was created to help educate participants on the Maryland Supplemental Retirement Plan and is intended only to provide a general summary of the Plan and its features. In the event there are any inconsistencies between this document and the Plan Document, the Plan Document will govern.

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Contact us

Enrollment and Information Hotline

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 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 Hunt Valley Office (443) 886-9402 or 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 Solution Center 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 Plans 410-767-8740 or 800-543-5605

For information about the Maryland Supplemental Retirement Plans, for booklets, to arrange educational seminars and for other general information

MSRP Web Site MSRP.maryland.gov

For the latest MSRP news, information available on the Board of Trustees and staff, newsletters, booklets, legislation updates, and more



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MarylandDC.com**

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Investment Contract Pool

Separate Account Report as of December 31, 2021

Objective

The MSRP Investment Contract Pool (“ICP”) seeks to preserve principal value and provide a relatively stable rate of return comparable to intermediate fixed-income yields over two to five years.

Note: While this ICP Report is prepared on a quarterly basis, the monthly crediting rate is reported on the www.MarylandDC.com homepage.

Risks

This investment is not FDIC insured or guaranteed by the federal or state government. Like all investments the ICP has risks and may not meet its investment objectives, including the objective of a constant principal value. A detailed description of these risks is contained in the ICP overview document, available on the MSRP website, or on request. Investors should also note that the ICP is not a money market fund and has different risk characteristics than a money market fund.

Investment Overview

The ICP invests in a diversified portfolio of stable value contracts issued by insurance companies, banks, and other financial institutions, and a variety of fixed income instruments including U.S. Government and agency securities, mortgage-backed securities, asset-backed securities, and corporate bonds. Investors earn the average return received under all contracts in effect at any point in time. The ICP’s return is affected by the general level of interest rates as well as by cash flows, including those from employer and employee contributions, withdrawals, and transfers into and out of the ICP. The average duration of the ICP’s investments will be approximately two to four years. The average credit quality of the ICP’s investments will generally be AA (or its equivalent)³, although individual securities or contracts purchased for the ICP may have a lower credit quality rating.

¹ Prior to July 2006 ING Stable Value Product Group, a division of ING Life Insurance and Annuity Company provided management services. From July 2006 to January 2014 Deutsche Asset & Wealth Management provided management services.

² Allocations shown are not necessarily indicative of future allocations. Figures may not sum to 100% due to rounding.

³ As rated by Standard & Poor’s or equivalent by any other rating services.

⁴ Performance shown is net of Investment Management fees. Past performance is not indicative of future results. Figures greater than one year are annualized. Performance is net of all fees and includes

ICP Characteristics

Assets	\$831,532,568
Average Duration	2.94 years
Previous monthly crediting rate (annualized)	1.56%
Inception Date	1987
Manager ¹	Galliard Capital Management, LLC

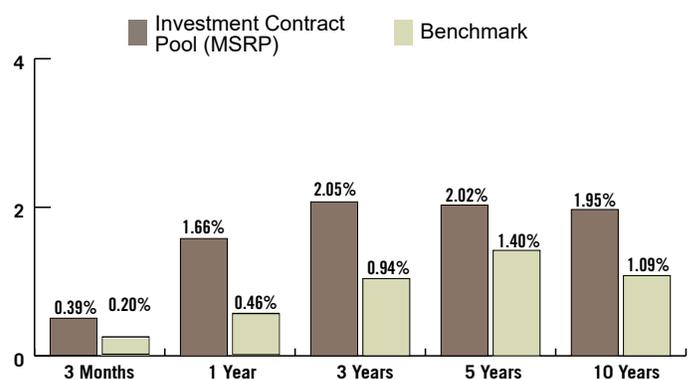
Sector Allocation of the Underlying Fixed Income Portfolios²

U.S. Treasury/Agency	29.4%
Other U.S. Government	10.3%
Corporate/Taxable Muni/ Not for Profit	32.6%
Mortgage Backed Securities (MBS)	14.7%
Asset Backed Securities (ABS)	8.8%
Guaranteed Investment Contracts (GICs)	0.0%
International Gov’t/ Agency Securities	0.0%
Cash/Equivalents	4.2%

Credit Profile of the Underlying Fixed Income Portfolios^{2,3}

AAA	67.9%
AA	3.9%
A	13.1%
BBB	14.4%
<BBB	0.6%
NR/NA	0.1%

Performance⁴



all income, realized and unrealized capital gains and losses and all annual fund operating expenses. Returns may have been impacted by the effect of compounding and have been rounded to the nearest basis point. The returns herein are not necessarily indicative of the returns that may be achieved over the longer term. There is no assurance that comparable returns will be achieved in the future or that the ICP’s investment objective will be achieved. The results portrayed reflect the reinvestment of dividends and other earnings. Benchmark is 3 Year Constant Maturity Treasury Yield. Investors cannot invest in an index.



Investment Contract Pool

Separate Account Report as of December 31, 2021

Strategy Overview

Assets in the Investment Contract Pool are held in trust for the benefit of participants of the MSRP. Participant investments made in the ICP are credited with a daily blended interest rate. Periodically an anticipated monthly rate is declared, but not guaranteed. This quoted rate is net of all fees and expenses directly related to the ICP. This average annual expense fee will vary, but is approximately 0.32% (\$3.15 per \$1,000), annualized. This fee does not include the monthly account fee of fifty-cents or the monthly asset fee assessed on all participants by the Maryland Board of Trustees ("Board") and Nationwide Retirement Solutions, which will total 0.14%, annualized.

The ICP typically invests in the following investments:

(1) Short term cash investments for general account liquidity; (2) General Account Investment Contracts ("GICs" or "BICs"), which are issued by insurance companies or banks and maintain a constant principal valuation while earning interest; (3) Separate Account GICs, and (4) Synthetic GICs. Separate Account GICs and Synthetic GICs both allow for principal stability while earning interest. The key difference between GICs, and Synthetic GICs or Separate Account GICs, is that Synthetic GICs and Separate Account GICs have an associated fixed income portfolio managed by a fixed income advisor for the benefit of the ICP. The fixed income portfolio generates investment income to pay interest, and is combined with a benefit responsive investment contract issued by an insurance company, bank, or other high-quality financial institution, to help maintain the principal stability of the ICP.

ICP Investment Policy

The ICP is managed according to a detailed investment policy established by the Board, which is available upon request.

Further Information

For information about the Maryland Supplemental Retirement Plans, investment option booklets, and other general information or to arrange educational seminars, please go to the MSRP website at MSRP.maryland.gov. For additional information about the Plans, financial planning calculators, performance information, mutual fund prospectuses, Plan forms, and to enroll or access an account, please log on to the Nationwide Retirement Solutions MSRP participant website at www.MarylandDC.com.

You may also call the MSRP at 410-767-8740 / 1-800-543-5605 (office hours: Monday thru Friday, 8:30 a.m. to 5:00 p.m.) or e-mail us at Info.MSRP@maryland.gov. Or you may call the Nationwide Retirement Solutions Team MSRP Customer Service Center at 1-800-545-4730.

⁵ Ratings are Standard and Poor's Rating Service and Moody's Investor Services, respectively.

⁶ Allocations shown are not necessarily indicative of future allocations. Figures may not sum to 100% due to rounding.

⁷ Fixed income portfolios managed by these advisors are associated with Separate Account GICs and Wrapper contracts issued to the ICP.

ICP Investments ^{5,6}

<i>Short Term Investment Funds (STIF)</i>	<i>S&P</i>	<i>Moody's</i>	<i>% of Portfolio</i>
STIF	AAA	Aaa	3.0%
<i>General Account GIC</i>	<i>S&P</i>	<i>Moody's</i>	<i>% of Portfolio</i>
-	-	-	-
<i>Synthetic GICs / Wrappers and Separate Account Issuers</i>	<i>S&P</i>	<i>Moody's</i>	<i>% of Portfolio</i>
American General Life Ins. Co.	A+	A2	19.8%
Massachusetts Mutual Life Ins. Co.	AA+	Aa3	19.4%
Metropolitan Life Insurance Co.	AA-	Aa3	19.5%
Prudential Insurance Co. of America	AA-	Aa3	19.7%
Transamerica Life Ins. Co.	A+	A1	18.6%

Fixed Income Portfolios ^{6,7}

Dodge & Cox	19.1%
Earnest Partners	18.8%
IR+M	18.6%
Galliard Capital Management, LLC	20.7%
TCW	19.7%

The MSRP Investment Contract Pool is not a mutual fund, therefore there is no prospectus. It is a separate managed account, which may utilize collective investment trusts as part of its investment strategy. Unit price, yield, and return may vary.

The comments, opinions and estimates contained herein are based on or derived from publicly available information from sources that we believe to be reliable. We do not guarantee their accuracy. This material is for informational purposes only and sets forth our views as of this date. The underlying assumptions and these views are subject to change without notice.

NOT FDIC INSURED | MAY LOSE VALUE
 NO BANK GUARANTEE | NOT A DEPOSIT
 NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY





Statistical Section (Unaudited)

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

2021 Plan Statistics

2021 Totals For All Plans

Average Combined Plan Assets by Participant	71,515
TOTAL Participants	63,753
TOTAL Deferring Participants	32,641
Average Roth Assets by Participant	12,211
Participants in Multiple Plans	7,147
Total Roth Accounts	7,668
TOTAL Participants with Systematic Payouts	5,421
Participants with Multiplan Deferrals	2,955
Average Annual Deferrals per Participant	2,087

457(b) Deferred Compensation Plan

	2021	2020	2019
Participants	35,954	36,147	35,557
Deferring Participants	19,187	21,129	20,907
Systematic Payouts	8,902	3,090	3,269
Loans	2,423	2,496	2,257
Annuitants	1	1	1
Net New Enrollments	(66)	(66)	1,363

401(k) Savings & Investment Plan

	2021	2020	2019
Participants	31,823	32,111	32,548
Deferring Participants	15,048	16,626	17,230
Systematic Payouts	4,834	3,363	3,132
Number of Loans	1,981	2,131	2,117
Annuitants	-	-	-
Net New Enrollments	-	(438)	(50)

403(b) Tax Deferred Annuity Plan

	2021	2020	2019
Participants	804	775	784
Deferring Participants	265	324	339
Systematic Payouts	135	134	141
Number of Loans	29	29	29
Annuitants	1	1	-
Net New Enrollments	(7)	(7)	4

401(a) Match Plan

	2021	2020	2019
Participants	25,580	26,973	28,755

Changes in Net Position 10 Year History

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
ADDITIONS TO NET POSITION ATTRIBUTED TO:										
Employee contributions	\$ 190,217,444	\$ 179,872,866	\$ 182,405,999	\$ 164,038,436	\$ 167,321,062	\$ 155,632,594	\$ 163,723,479	\$ 153,458,164	\$ 143,259,190	\$ 159,502,470
Employer contributions		-	16,554	35,822	70	16,363	9,750	28,418	39,564	495,460
Variable earnings reimbursements	1,786,049	1,990,832	2,666,215	3,057,487	2,102,082	2,096,422	2,206,440	2,026,395	1,756,620	1,452,326
Investment income:										
Participant fee income	1,766,789	2,035,000	2,029,000	-	-	-	-	-	-	-
Variable earnings investment (loss) income	733,896,717	605,341,098	711,776,796	(165,557,554)	491,695,469	231,765,315	(6,641,027)	202,623,164	490,102,916	272,998,778
Interest income	18,292,463	22,356,074	22,656,096	21,104,108	18,923,831	18,431,370	18,549,979	18,590,728	-	731,568
Total Additions	945,959,462	811,595,870	921,550,660	22,678,299	680,042,514	407,942,064	177,848,621	376,726,869	635,158,290	435,180,602
DEDUCTIONS FROM NET POSITION ATTRIBUTED TO:										
Distributions to participants	300,550,087	252,429,639	268,869,648	238,492,183	241,714,809	205,568,155	214,590,958	199,498,199	182,784,784	179,865,149
Administrative expenses	9,897,560	8,752,776	8,805,494	6,264,365	5,537,415	5,243,677	4,609,909	4,931,985	4,659,702	5,641,852
Life insurance premiums	1,440	27,428	43,895	5,350	6,644	7,982	11,725	16,098	20,281	25,146
Total Deductions	310,449,087	261,184,790	277,678,662	244,761,898	247,258,868	210,819,814	219,212,592	204,446,282	187,464,767	185,532,147
Net (decrease) increase	635,510,375	550,411,080	643,871,998	(222,083,599)	432,783,646	197,122,250	(41,363,971)	172,280,587	447,693,523	249,648,455
Net position held in trust for deferred compensation benefits, beginning of year	4,940,354,760	4,389,943,680	3,746,071,682	3,968,155,281	3,535,371,635	3,338,249,385	3,379,613,356	3,207,332,769	2,759,639,246	2,509,990,791
Net Position Held in Trust for Deferred Compensation Benefits, End of Year	<u>\$ 5,575,865,135</u>	<u>\$ 4,940,354,760</u>	<u>\$ 4,389,943,680</u>	<u>\$ 3,746,071,682</u>	<u>\$ 3,968,155,281</u>	<u>\$ 3,535,371,635</u>	<u>\$ 3,338,249,385</u>	<u>\$ 3,379,613,356</u>	<u>\$ 3,207,332,769</u>	<u>\$ 2,759,639,246</u>

Ten Year History Of Administrative Charges And Expenditures

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Plan Charges	\$ 525,589	\$ 1,924,298	\$ 2,518,517	\$ 1,290,459	\$ 2,084,562	\$ 1,580,828	\$ 1,693,232	\$ 1,889,868	\$ 1,353,339	\$ 1,649,707
Technical & Special fees	-	-	-	6,813	-	-	2,427	5,945	889	25
Benefits	1,221,029	1,221,029	1,466,342	1,239,426	1,236,248	1,252,561	1,179,268	1,093,162	1,131,212	1,035,850
Contractual Services**	308,157	301,178	231,874	197,903	373,298	279,367	298,242	241,535	285,473	214,478
Fixed Charges**	173,289	163,361	170,768	168,675	152,415	248,648	298,486	138,699	134,222	129,760
Supplies and Materials	31,164	31,164	16,237	18,075	6,249	10,404	8,794	12,142	4,500	4,769
Equipment/Furnishings	9,991	9,991	11,808	1,339	15,545	10,986	78	354	15,883	22,442
Communications	5,379	5,379	28,999	18,874	39,751	19,279	16,823	26,243	9,433	25,549
Travel	-	-	22,558	25,102	22,483	20,659	19,823	20,513	16,257	18,966
Expenditures										
Salaries, Wages and Fringe										
Total Expenditures	<u>1,749,009</u>	<u>1,732,102</u>	<u>1,948,586</u>	<u>1,676,207</u>	<u>1,845,989</u>	<u>1,841,904</u>	<u>1,823,941</u>	<u>1,538,593</u>	<u>1,597,869</u>	<u>1,451,839</u>
Plan Charges Less Expenditures	(1,223,420)	192,196	569,931	(385,748)	238,573	(261,076)	(130,709)	351,275	(244,530)	197,868
Beginning Reserve								-		-
Calculated Reserve Balance	<u>\$ 1,023,856</u>	<u>\$ 405,986</u>	<u>\$ 418,608</u>	<u>\$ 418,608</u>	<u>\$ 448,833</u>	<u>\$ 210,260</u>	<u>\$ 471,336</u>	<u>\$ 602,045</u>	<u>\$ 250,770</u>	<u>\$ 495,300</u>

* Rent/Insurance/Audit/Investment Advisory

Ten Year Plan Statistics

(\$ In Millions)

457(b) PLAN SUMMARY

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Additions: Contributions	\$ 91,857	\$ 85,588	\$ 83,004	\$ 74,579	\$ 72,953	\$ 66,817	\$ 66,812	\$ 60,837	\$ 58,119	\$ 64,510
Additions: Investment Return	308,482,023	258,324,277	301	(56)	210	104	8,959	94	204	118
Loan Amount	-	\$ 2,139,825	\$ 21,731	\$ 20,922	\$ 19,733	\$ 18,772	\$ 18,077	\$ 17,466	\$ 14,822	\$ 13,556
Mutual Fund Reimbursements	787,066	873,126	1,159	1,338	888	893	937	-	-	-
Participant Accounts	35,954	36,147	35,557	38	34	33	32	30	30	29
Deferring Participants	19,187	21,129	20,907	20,907	19	19	18	17	16	17
Number of Loans	2,423	2,496	3,269	3,269	2	2	2	2	2	2
Total Net Position	2,407,963,115	2,139,825,443	1,916	1,649	1,741	1,572	1,498,891	1,524,446	1,465,381	1,211,930
Plan Administration Fees*	(5,483)	(2,696)	(2,731)	(3,048)	(2,203)	(1,942)	(1,942)	(2,041)	(2,570)	(1,314)
Withdrawals	(1,292)	(20,755)	(121,417)	(108,390)	(112,576)	(96,552)	(99,281)	(94,809)	(90,899)	(93,842)

401(k) PLAN SUMMARY

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Additions: Investment Returns	374	-	373,789	(76,379)	257,286	124,407	4,757	106,157	238,849	129,978
Additions: Contributions	-	-	96,379	87,096	91,833	85,852	94,255	89,860	82,602	92,031
Loan Amount	2,454,634	2,454,634	19,960	19,528	19,841	19,231	19,071	18,897	17,676	15,469
Mutual Fund Reimbursements	-	89,232	1,309	1,469	1,054	1,030	1,062	972	830	681
Participant Accounts	31,823	32,111	32,548	33	32	33	34	34	34	35
Deferring Participants	31,823	31,823	17,230	18	18	18	19	20	20	21
Number of Loans	1,981	2,131	2,117	2,117	2	3	3	3	3	3
Total Net Position	2,778,815,136	2,454,634	2,165,531	1,827,030	1,931,514	1,698,085	1,585,700	1,588,574	1,485,299	1,243,907
Plan Administration Fees*	(3,935,733)	(3,578,649)	(3,583,000)	(2,842)	(2,927)	(2,349)	(2,331)	(2,513)	(1,821)	(2,599)
Withdrawals	(150,175,044)	(119,796,109)	(129,392,771)	(113,827,709)	(1,138,166)	(96,555,381)	(99,554,689)	(91,201,808)	(79,068,751)	(7,611,103)

403(b) PLAN SUMMARY

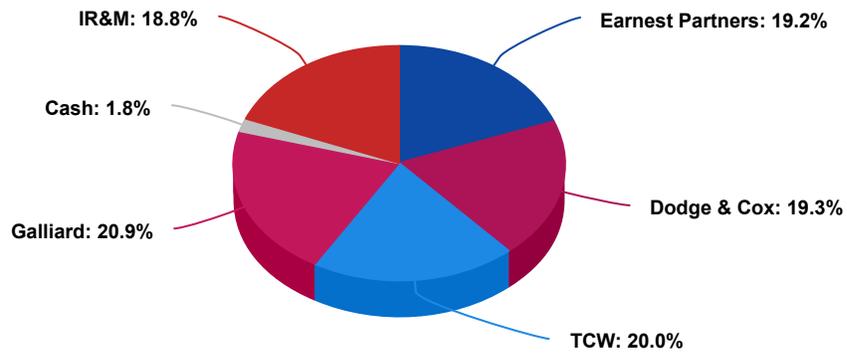
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Additions: Investment Returns	41,285,544	15,419,860	20,198	(4,284)	14,660	7,100	(77)	6,888	15,142	8,446
Additions: Contributions	20,673	4,727,023	3,024	2,363	2,535	2,664	2,656	2,761	2,538	2,961
Loan Amount	-	117,365	464	413	369	363	344	365	414	338
Mutual Fund Reimbursements	88,034	4,727	72	91	54	56	79	61	53	44
Participant Accounts	804	775	784	782	780	777	784	784	784	784
Deferring Participants	265	324	339	346	346	-	-	-	-	-
Number of Loans	29	29	29	32	32	32	32	32	30	30
Total Net Position	131,311,030	117,365	103,325	91,038	99,330	88,029	82,506	86,497	82,945	70,886
Plan Administration Fees*	(149,693)	-	(152)	(128)	(143)	(116)	(118)	(131)	(97)	(141)
Withdrawals	(9,284,734)	(494,941)	(10,855,654)	(6,333,955)	(6,103,944)	(4,181,153)	(6,451,831)	(6,027,043)	(5,576,913)	(4,807,423)

401(a) PLAN SUMMARY

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Additions: Investment Returns	41,285,544	31,640,220	39,321	(7,568)	27,750	14,140	567	13,953	31,449	16,897
Mutual Fund Reimbursements	88,034	112,313	127	159	107	117	128	116	104	88
Contributions	20,673	-	16,554	35,822	35,822	16,363	97,500	28,148	39,564	496
Participant Accounts	25,580	26,973	28,755	29,397	29,397	32,175	33,681	35,322	36,776	38,424
Deferring Participants	-	-	-	-	-	-	-	-	-	-
Total Net Position	257,775	228,529	207,508	178,289	195,848	176,934	171,152	180,097	173,707	149,528
Plan Administration Fees*	327,983	(112,313)	(310,357)	(245,674)	(264,863)	(827,950)	(218,807)	(247,229)	(172,242)	(279,225)
Withdrawals	(11,820,193)	(6,037,515)	(9,935,402)	(9,940,434)	(9,218,727)	(8,279,501)	(930,318)	(7,460,646)	(7,240,428)	(6,726,228)

* Includes any additional special fee

Stable Value Manager Diversification



IRS contribution limits

Understanding IRS contribution limits is important, especially when your goal is to contribute the maximum to your account. Even if you can't do the max, consider increasing your contribution a little each year to potentially move closer to your retirement goals.

2021 deferral limits¹

Standard deferral
\$19,500
Age 50+ catch-up
\$6,500
Special 457(b) catch-up
up to \$39,000

2020 deferral limits¹

Standard deferral
\$19,500
Age 50+ catch-up
\$6,500
Special 457(b) catch-up
up to \$39,000

The Age 50+ Catch-up provision allows people over age 50 to contribute more to their deferred comp account.

The Special 457(b) Catch-up Provision is part of the Section 457(b) of the Internal Revenue Code, and was amended by the Pension Protection Act of 2006. Participants who have not contributed the maximum limit under IRS law in previous years may contribute an amount less than or equal to the maximum limit (essentially, up to double the maximum) in the three years prior to the individual's normal retirement age.

How much should I contribute?

If your goal is to contribute the standard maximum deferral amount each year, you would need to contribute:

Pay frequency
Weekly (52 pays)
Bi-weekly (26 pays)
Semi-monthly (24 pays)
Monthly (12 pays)

Maximum deferral contribution examples

IRA

2020 and 2021 IRA Traditional/Roth contribution limits²

Standard deferral
\$6,000
Age 50+ catch-up
\$7,000

How much should I contribute?

If your goal is to contribute the standard maximum deferral amount each year, you would need to contribute:

Pay frequency	Contribution
Weekly (52 pays)	\$115
Bi-weekly (26 pays)	\$231
Semi-monthly (24 pays)	\$250
Monthly (12 pays)	\$500

Maximum deferral contribution examples



Roth 457(b) and Roth 401(k) highlights

If you are or become a participant in the MSRP 457(b) and/or 401(k) Plan and you are actively employed by the state of Maryland, you may choose to make designated Roth 457(b) and/or 401(k) contributions.

- You may make Roth 457(b) and/or 401(k) contributions regardless of your income.
- Contributions are made through payroll deductions just like your other MSRP account(s), except your Roth contributions are deducted “after-tax”.
- You may divide your 457(b) and/or 401(k) Plan contributions between Traditional and Roth accounts.
- You may select different investment allocations for pre-tax and Roth balances in your plan.
- Whether you make pre-tax or Roth contributions, the total amount you may contribute to either the 457(b) or 401(k) plan is \$17,500 in 2014 (\$23,000 if you are at least age 50).
- You cannot recharacterize Roth contributions after the contribution is made. Designating a contribution to the 457(b) or 401(k) plan as a Roth contribution is irrevocable.
- Because your Roth 457(b) and/or 401(k) contribution is taxed differently, your Roth 457(b) and/or 401(k) contributions and any earnings are accounted for separately.
- Any matching employer contributions are always made on a pre-tax basis, regardless of whether you are contributing on a pre-tax or after-tax basis.
- Similar to traditional pre-tax 401(k) plan accounts, payout from a Roth 401(k) account may begin at 59½ or after retirement, whichever comes first. The difference is that no federal or Maryland income taxes are due on the earnings if 1) the Roth account was established more than five years ago (five-year period begins Jan. 1 of the year you first make a Roth 401(k) contribution into the plan) and 2) you are age 59½, or become disabled, or die.
- Similar to traditional pre-tax 457(b) plan accounts, payout from a Roth 457(b) account may begin after separation from State service, regardless of age. The difference is that no federal or Maryland income taxes are due on the earnings if 1) the Roth account was established more than five years ago (five-year period begins Jan. 1 of the year you first make a Roth contribution into the plan) and 2) you are age 59½ and have separated from service, or become disabled, or die.
- Required minimum distributions (RMD) begin at age 70½.

Note: Roth conversions

A Roth conversion feature will be added in the future so that any eligible distribution from the tax-deferred portion of the 401(k) plan may be converted to the Roth 401(k) at the participant’s direction. Likewise, any eligible distribution from the tax-deferred portion of the 457(b) plan may be converted to the Roth 457(b). As with a distribution to the participant, the conversion amounts become taxable in the year converted.

Tax-deferred eligible distributions

A payout from a 457(b) plan is an eligible distribution after the participant separates from State service, becomes disabled, or dies.

A payout from a 401(k) plan is an eligible distribution after the participant attains age 59½, or separates from service at age 55 or more, or becomes disabled, or dies.

Roth qualified distributions

Generally, a Roth account distribution is a qualified distribution if: 1) the Roth account has been in existence for a five-year period (five-year period begins Jan. 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 may be taxable.

Should you elect to establish a designated Roth account, the account will not be subject to federal or Maryland income taxes.

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.

Call to get started today

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Executive Plaza 1, Suite 400
Hunt Valley, MD 21031

1-800-545-4730
MarylandDC.com

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Glossary

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

MARYLAND TEACHERS & STATE EMPLOYEES SUPPLEMENTAL RETIREMENT

Rates of Returns

Rates of Returns. The rates of returns are the net of the fund's annual operating expenses before the deduction of plan administration asset fees.

Betas

Five-Year Beta. The beta coefficient is a statistical measure of a stock's relative volatility (or risk). For comparative purposes, the fund's betas are measured relative to the S&P 500 Index, a measure of broad market activity. The Standard & Poor's 500 Index ("S&P 500") has a beta coefficient of 1.00. A stock with a higher beta is more volatile than the S&P 500. A stock with a lower beta is less volatile than the S&P 500.

Indices

91-Day Treasury Bill. A negotiable debt obligation issued by the U.S. Government and backed by its full faith and credit, having a maturity of three months. These are exempt from state and local taxes.

Standard & Poor's 500 Index ("S&P 500"). The S&P 500 is a broad-based measurement of stock market conditions; 70% of U.S. equity is tracked by this index, which consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index, with each stock's weight proportionate to its market value.

50% S&P/50% Lehman Brothers Aggregate Bond Index. This is the 50% S&P 500 and 50% Lehman Brothers Aggregate Bond Index. The Lehman Brothers Aggregate Bond Index is a mix of government, corporate, mortgage-backed, asset-backed, and Yankee bonds.

60% S&P/40% Lehman Brothers Aggregate Bond Index. This is the 60% S&P 500 and 40% Lehman Brothers Aggregate Bond Index.

S&P BARRA Growth Index and S&P BARRA Value Index. These indices take the stocks in the S&P 500 and portion them into equal halves based on their price-to-book ratios.

Lehman Brothers Intermediate Government Bond Index. Includes Government Index Issues with a time to maturity between 1 and 10 years.

Morgan Stanley Capital International Europe, Australia, and the Far East (MSCI EAFE) Index. The MSCI EAFE Index is an international equity index. It consists of 1,030 securities from the following 20 countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, the Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

Russell 2000 Index. This index is a small-capitalization index that consists of the 2,000 smallest stocks in the Russell 2000 Index, representing 10% of the total U.S. equity market.

Medians

Fixed Income - Short Term Median. This universe includes funds defined by Morningstar as Short-Term Bond funds; these funds have an average duration of more than one but less than 3.5 years, or an average effective maturity of more than one but less than four years.

Foreign Equity Non-U.S. Median. This universe includes funds defined by Morningstar as Foreign Stock funds which have no more than 10% of stocks invested in the United States. The median return represents the midpoint of this universe.

Large Cap Blend Median. This universe includes funds defined by Morningstar as Large Blend funds; these funds invest in a combination of Large Cap Growth and Large Cap Value stocks. The return represents the midpoint of this universe. Market caps greater than \$10 billion are considered large cap.

Managed Balanced Median. This universe includes funds defined by Morningstar as Balanced, which includes funds with stock holdings of greater than 20% but less than 70% of the portfolio. The return represents the midpoint of this universe.

Mid Cap Growth Median. This universe includes funds defined by Morningstar as Mid-Cap Growth funds; these funds primarily invest in stocks of mid-sized companies which are growing at faster than average rates. The return represents the midpoint of this universe. Market caps greater than or equal to \$2 billion but less than or equal to \$10 billion are considered mid-cap funds.

Small Cap Core Median. This universe includes funds defined by Morningstar as Small Blend funds; these funds invest in a combination of Small-Cap Growth and Small-Cap Value stocks. The return represents the midpoint of this universe. All funds with market caps less than \$2 billion are considered small-cap funds.

Participant Data Definitions

Participants. Those who have an account value (including those who are receiving systematic withdrawals and those who have recently enrolled in the Plans) and are awaiting their first deferral.

Deferring Participants. Those participating employees who made a contribution to the Plans by payroll deduction at the end of the reporting period.

Net New Enrollments. The net change of State employee participants from year to year. New enrollments and restarted contributors are reduced by retirement and transfer withdrawals, death claims, and other full distributions.

Annuitants. Participants who are receiving withdrawals from purchased annuity contracts.

Systematic Payouts. These occur when participants receive withdrawals from the Plans with remaining balances invested in the Plans.

Average Deferrals Per Participant. Calculated by dividing the dollar value of "TOTAL Deferrals" in all Plans combined by the number of "TOTAL Deferring Participants" at year-end.

Average Combined Plan Assets by Participants. Calculated by dividing the dollar value of Plan Assets in all Plans by the number of "TOTAL Participants" in all plans.

Asset Allocation. As the Plans are intended as voluntary sources of retirement income for eligible participants, asset allocation in this document represents the combined assets allocated to each broad category (equities, fixed income, balance and target date).

Passive Options. (Sometimes called indexed options) May appeal to investors who are looking for investment options that track the markets per their selected index to create a diversified portfolio and normally carry lower than average investment fees.

Active Options. May appeal to investors who prefer to take an active role in their investment selection and like picking and choosing individual funds and fund managers to create a diversified portfolio.

Mutual funds. Are diversified portfolios of stocks, bonds, and other investments chosen by an investment manager to achieve a stated objective. Each mutual fund is assigned a five-letter symbol that helps investors find information via financial websites and publications. In addition, each mutual fund publishes a prospectus: a formal legal document filed with the SEC that provides details about its investment object, fees, charges and expenses, and related information.

Commingled/Collective Investment trusts (CITs). Are similar to mutual funds, offering many of the same diversification and management services as mutual funds but generally at a lower cost. Specific information about a CIT may be available solely through the Plan that offers it.

Money market investments. Primarily invest in high quality fixed income/bond instruments with maturities of less than one year. These may include instruments issued by financial institutions, non-financial corporations, the U.S. government and federal agencies.

Stable value. An investment category with an objective to preserve principal and provide stable, competitive rate of return. An investment option in this category invests primarily in guaranteed investment contracts and other fixed income/bond instruments that may be covered by a principal guarantee wrap agreement.

Bonds. Invest in fixed income obligations to corporations, municipalities, the federal government or other issuers. Most bonds pay interest until the bond matures. Bonds investment options are portfolios of various bonds that are acquired, held and sold by the investment manager to achieve the investment objective. Bond investment options have the same interest rate, inflation and credit risks that are associated with the underlying bonds, an investment manager may acquire and hold many different issues of bonds to comprise a given bond investment option.

Balanced funds. Invest in both bonds and stocks. Investment returns are expected to be derived from both current income and capital appreciation. The purpose is to achieve higher returns than bonds but with less volatility or price fluctuation than most stock funds.

Domestic equity. (also known as U.S. equity) Investment options represents a share of ownership in a corporation or certain partnerships. This category is further broken down by capitalization (cap), which essentially means the size of the companies that are being invested in. Domestic equity investment options are portfolios of various stocks that are acquired, held and sold by the investment manager to achieve its investment objective.

- **Domestic large-cap** equity invests primarily in the stocks of the largest companies (generally \$10 billion and greater in market capitalization) in the U.S. These companies tend to be well established with long track records of success and experienced management. Investment returns are expected to be derived primarily from capital appreciation and, to a lesser degree, dividend income.
- **Domestic mid cap equity** invests in medium size companies (generally \$2 billion to \$10 billion in market capitalization). Stocks of mid size companies can experience more volatility than those of larger companies because these companies may have less experienced management, fewer resources and may not be well established in their marketplace.
- **Domestic small cap equity** often consists of young companies generally with a market capitalization of \$2 billion or less. Small cap equities are often more volatile than stocks of larger, more established companies. Smaller companies do not always have the resources and management experience to weather downturns in business cycles.

International or non-U.S. equity. Own shares of companies that are headquartered outside of the U.S. and are listed on foreign exchanges. International investments may be subject to several additional risk factors, such as government instability, currency valuation and market regulation. Despite these added risks, these investments can be an important diversifier to portfolios because foreign or non-U.S. developed stock markets do not always move in the same direction as U.S. markets.

Lifecycle/Target Date. Designed to provide diversification and asset allocation across several types of investments and asset classes. Each vintage represents an inclusive portfolio that is managed for people planning on retiring or using the money in the account at or around the target year named in the specific investment option. These funds have varied asset allocations, based upon the projected retirement date of a participant, with more conservative allocations as the “targeted” retirement date approaches.



MSRP

