



# **Annual Comprehensive Financial Report**

## **MARYLAND TEACHERS & STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS**

**401(k), 457(b), 403(b), 401(a) Plans, A Fiduciary Component Unit Trust Fund in the State of Maryland**

**For the calendar years ended December 31, 2023 and 2022**

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# Annual Comprehensive Financial Report

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

*A Fiduciary Component Unit Trust Fund in the State of Maryland*

For the Calendar Years Ended  
December 31, 2023 and 2022

401(k) Savings & Investment, 457(b) Deferred Compensation, 403(b) Tax Sheltered Annuity,  
and 401(a) Match Plans

### **Prepared by:**

Maryland Teachers & State Employees Supplemental Retirement Plans  
William Donald Schaefer Tower  
6 Saint Paul Street, Suite 200  
Baltimore, MD 21202

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# **Introductory Section**

## **(Unaudited)**

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Annual Comprehensive Financial Report 2023



Maryland  
Teachers & State Employees  
Supplemental Retirement  
Plans

457 • 401(k) • 403(b) • Match

BOARD OF TRUSTEES

Hon. T. Eloise Foster  
Board Chair

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Executive Director  
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Deputy Executive Director &  
Chief Financial Officer

Tonya M. Toler, CRC<sup>®</sup>, CPM  
Director of Member Services

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[msrp.maryland.gov](http://msrp.maryland.gov)

Plan Administrator:

**A letter from Board Chair T. Eloise Foster**

On behalf of the Board of Trustees of the Maryland Supplemental Retirement Plans (MSRP), I am pleased to present our Annual Comprehensive Financial Report (ACFR) for the calendar year ended December 31, 2023. This is our thirteenth year using this expanded report format. We believe this format continues to deliver quality information and demonstrates that the Plans are worthy of our participants' confidence.

MSRP ended the 2023 calendar year with an estimated \$5.3 billion in assets, representing a 14.0% increase from 2022. The increase in Plan assets can be attributed to a strong performance from the stock market as well as reinstatement of the State Match Program. Growth stocks outpaced value stocks with the Russell 1000 Growth Index gaining 14.2% in Q4. Inflation continued to decrease throughout the year alongside the Fed signaling fewer rate hikes helped to boost both equity and bond markets.

During 2023, we made significant strides by introducing new creative strategies to educate participants in preparing for retirement and, as a result, MSRP received the Pension & Investments EDDY Award. This award recognizes our commitment to education and communication about retirement and financial wellness. Details of this award are provided on page 7 of this report.

On April 24, 2023, Governor Moore signed legislation that reinstated the Match Program, which was a direct result of Speaker of the House Adrienne Jones's House Bill 982. Effective July 1, 2023, this program allows employees to receive a dollar-for-dollar match not to exceed \$600 during the fiscal year, subject to eligibility requirements. In addition, this legislation also includes provisions for reimbursement of student loan payments made by eligible employees to higher education institutions (effective January 1, 2024). Employees may receive the match for deferrals/contributions or higher education student loan payment reimbursement, but not for both, and they must elect to utilize the higher education student loan payment match provision each calendar year. This program offers a significant incentive for State employees to actively save for retirement. Since its effective date, the State match program has added over \$12 million in contributions and 14,000 new enrollments to the Plans.

Sincerely,

T. Eloise Foster, Chair

## Member Services Delivers Award Winning Financial Education!

In 2023, the Member Services Education Team (MSE) offered new creative strategies to provide innovative solutions to continue to effectively educate employees.



The team's hard work and creativity was acknowledged with the Pension & Investments EDDY Award, which recognizes best practices in financial education and communication by Defined Contribution plans. MSRP has received this distinguished award on three occasions over the past several years.

Our 2023 award submission, "2022 Maryland State Employees \$ave Week," was registered under the "Special Projects" category. The goal of this campaign was to educate State of Maryland employees about the multifaceted steps necessary to improve overall financial outcomes including gaining financial literacy, budgeting, automatic savings and investing, and calculating and reviewing retirement needs.

### ***MSRP MONTHLY EDUCATIONAL WEBINARS***

In 2023, the Member Services team offered 15 to 20 monthly financial webinars with approximately 28,000 State employees in attendance. MSRP's webinars encompass a wide array of topics including budgeting, credit and debt management, tax considerations, managing market volatility, frauds and scams, and more. The newest webinar additions include, "Catch the Match" which discusses the State Match Plan and "Borrowing Against Your Future" which details borrowing rules, defaulted loans and their tax consequences. Also, our foundational "Take Control" series was added. This series includes "Success in Planning with MSRP," 'Financial Knowledge', and "Countdown to Retirement" which is offered twice monthly.

### ***The Match is Back!***



Gov. Moore after signing of HB 982 for match contributions to Supplemental Retirement Plans for employees, April 24, 2023



Maryland's Speaker of the House, Adrienne Jones, sponsored House Bill 982 which resulted in the reinstatement of State Contributions to Supplemental Retirement Plans. This legislation took effect on July 1, 2023. Eligible State employees can receive a dollar-for-dollar contribution/deferral match up to \$600 per employee, per fiscal year. MSRP coordinated and executed a robust communication plan to get relevant, actionable messaging to participants in expectation of the match. Based on increased plan enrollments and contribution/deferral increases, we've discovered that the \$600 annual match served as a powerful incentive for State employees to participate in the plans.

### **MARYLAND STATE EMPLOYEES \$AVE MONTH**



*Join Us in April 2023, in recognition of  
Financial Literacy Month, for  
**Maryland State Employees Save MONTH***

In recognition of Financial Literacy Month, a nationally-recognized campaign to bring awareness for more financial education in schools and for adults, MSRP initiated “Maryland State Employees \$ave Month” which was held throughout the month of April. This event was launched as part of MSRP's ongoing campaign to increase enrollments and to strengthen employee knowledge about the importance of financial wellness.

Each Monday in April, employees received a video designed to be both educational and entertaining, and to inspire them to follow through with a call to action such as enrolling, increasing their plan contributions, or attending MSRP educational webinars. Nationwide Retirement Solutions, Maryland Supplemental Retirement Plan's third party Administrator, provided accessible informational videos for the campaign.

**20%**

This year's event resulted in a **20%** increase in views from 2022 due to expanded outreach efforts.

## **ANNUAL VIRTUAL SAVING\$ SYMPOSIUM**



MSRP hosted its annual keynote event - the Virtual Saving\$ Symposium - in October, 2023. The virtual format continues to capture a much larger and broader audience across the State than in-person Expos held in prior years.

The theme for this year's Savings Symposium was "Make Every Hour Count: Plan Your Future TODAY!" The Symposium was held for 6 days over a two-week period, October 17th -19th and October 24th - 26th. The event was held in conjunction with National Retirement Security Month, a national effort to raise public awareness about the importance of saving for retirement.

Twenty guest panelists conducted a total of 24 webinars over the two-week timeframe. MSRP also presented the very popular and well-attended "Putting it all Together for Retirement" webinar. The 2023 MSRP *Virtual* Saving\$ Symposium was an overwhelming success with more than 5,300 employees in attendance - a 40% increase over last year's Symposium. In addition, there were more than 200 views on the recorded videos posted to our YouTube channel.







**November 27, 2024**  
**Letter of Transmittal**

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

457 • 401(k) • 403(b) • Match

**BOARD OF TRUSTEES**

Hon. T. Eloise Foster  
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Hon. Dereck E. Davis  
Lynne M. Durbin, Esq.  
Jaclyn Hartman  
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Tonya M. Toler, CRC<sup>®</sup>, CPM  
Director of Member Services

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Agency Website:  
[msrp.maryland.gov](http://msrp.maryland.gov)

Plan Administrator:  
1-800-545-4730  
[marylanddc.com](http://marylanddc.com)

Honorable Chair and Members of the Board of Trustees:

It is our pleasure to present the 2023 Annual Comprehensive Financial Report (ACFR) of the Maryland Teachers and State Employees Supplemental Retirement Plans (the "Plans"). The Plans consist of four separate defined contribution plans: the 457 Deferred Compensation, 401(k) Savings & Investment, 403(b) Tax Sheltered Annuity, and 401(a) Match Plans. Together, the Plans constitute fiduciary trust funds in the State of Maryland, overseen and administered by the Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans (the "Board").

Management assumes full responsibility for the completeness and reliability of the information contained in this annual report, 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 ("clean") opinion on the Plans' financial statements for the calendar year ended December 31, 2023. The independent auditor's 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 Governmental Accounting Standards Board. In addition to this letter of transmittal, narrative, overview, and analysis can be found in the Management's Discussion and Analysis in the Financial Section of the ACFR.

The Plans are authorized and established by legislation as indicated in the notes to the basic financial statements. Summaries of Plan provisions are presented as well. The purpose of the Plans is to serve as a supplemental benefit that works in conjunction with the State pension benefit. MSRP provides retirement savings options to all eligible State of Maryland employees who have elected to participate. All work performed by MSRP staff is done in support of this objective.

At the end of 2023, the Plans' assets totaled \$5.3 billion, an increase from calendar 2022 year-end of \$4.7 billion. The increase can be attributed to a strong Q4 performance from equity and fixed Income markets.

## Economic Outlook and Conditions

At the close of 2023, the U.S. economy showed signs of steady but slowing growth, supported by a strong labor market earlier in the year and continued consumer spending, though at a more moderate pace. The Federal Reserve's interest rate hikes, aimed at curbing inflation, have begun to dampen both housing demand and business investments. Inflation has cooled, hovering around the Fed's target, yet higher borrowing costs continue to restrain some sectors. The stock market ended the year on a positive note, rebounding from earlier volatility. Major indices posted gains, driven largely from performance in technology and energy stocks. Overall, while some economic stability has returned, risks of slower growth and potential market volatility remain a concern.

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 participant fees which include a 0.0425% asset fee and a monthly \$0.50 per account fee charged to all accounts over \$500 other than accounts in the 401(a) Match Plan. Expenses to operate the Plans include costs associated with investment consulting, plan administration services, audits, staff, and educational activities. MSRP maintains a reserve balance to accommodate fluctuations and timing differences between revenues and expenses. The Board reserve balance at the end of December 31, 2023, was \$251,485.

## New Initiatives

On April 24, 2023, Governor Wes Moore signed HB 0982 reinstating the Match Program, effective July 1, 2023. This program provides deferring/contributing participants and those paying higher education student loans a 100% vested \$600 dollar-for-dollar match each fiscal year beginning July 1, 2023. State employees will receive the match for either deferral/contributions or higher education student loan reimbursements, but not both. The higher education student loan payment match provision authorization date is January 1, 2024.

## 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, 2023, and 2022, respectively. See the Investment Section of the ACFR for a more detailed analysis and additional information.

### Professional Services

The Board contracts for the services of various independent plan administrative/recordkeeping, consulting, investment advisory, and financial professionals to assist in carrying out its responsibility to manage the Plans. Nationwide Retirement Solutions provides MSRP's plan administration and recordkeeping services for the Plans. Additionally, through JP Morgan Chase, Nationwide provides custodial banking services for payroll deductions received in participant accounts and distributions made from their accounts for the 403(b) Plan. T. Rowe Price provides fund investment management services for the investment contract pool. NFP Retirement and Financial Resources Integrity Management (FIRM) co-partner to provide investment advisor and general plan consultant services.

The independent auditor's report on the MSRP basic financial statements is included in the Financial Section of this ACFR. The Investment Advisor's Report prepared by NFP Retirement is included in the Investment Section beginning on page 57.

### Awards

In recognition of financial education and communication and best practices, MSRP received the Pension & Investments EDDY Award in 2023. MSRP has received this award over the past several years.

### 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. We express our appreciation to all staff that assisted in 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,



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



Nakeia C. Smith  
Deputy Executive Director  
Chief Financial Officer

## ABOUT THE BOARD

The Maryland Teachers and State Employees Supplemental Retirement Plans are overseen and 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 Maryland State Department of Education;
  - the Comptroller of the Treasury;
  - the Office of the State Treasurer;
  - the Maryland 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**  
Eligible Member  
Audit Committee Member



**Thomas M. Brandt, Jr.**  
Public Member  
***Audit Committee Chair***



**Lynne M. Durbin, Esq.**  
Public Member  
Investment Committee  
Member



**Jaclyn D. Hartman**  
Eligible Member



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



**John D. Lewis**  
Public Member  
***Investment Committee Chair***

**Vacant**  
Eligible Member

## **PROFESSIONAL SERVICE PROVIDERS**

### **Plan Administration**

Nationwide Retirement Solutions, a subsidiary of Nationwide Financial Services, Inc.

### **Independent Investment Advisors**

NFP Retirement, Inc (NFP)

Financial Resources Integrity Management (FIRM)

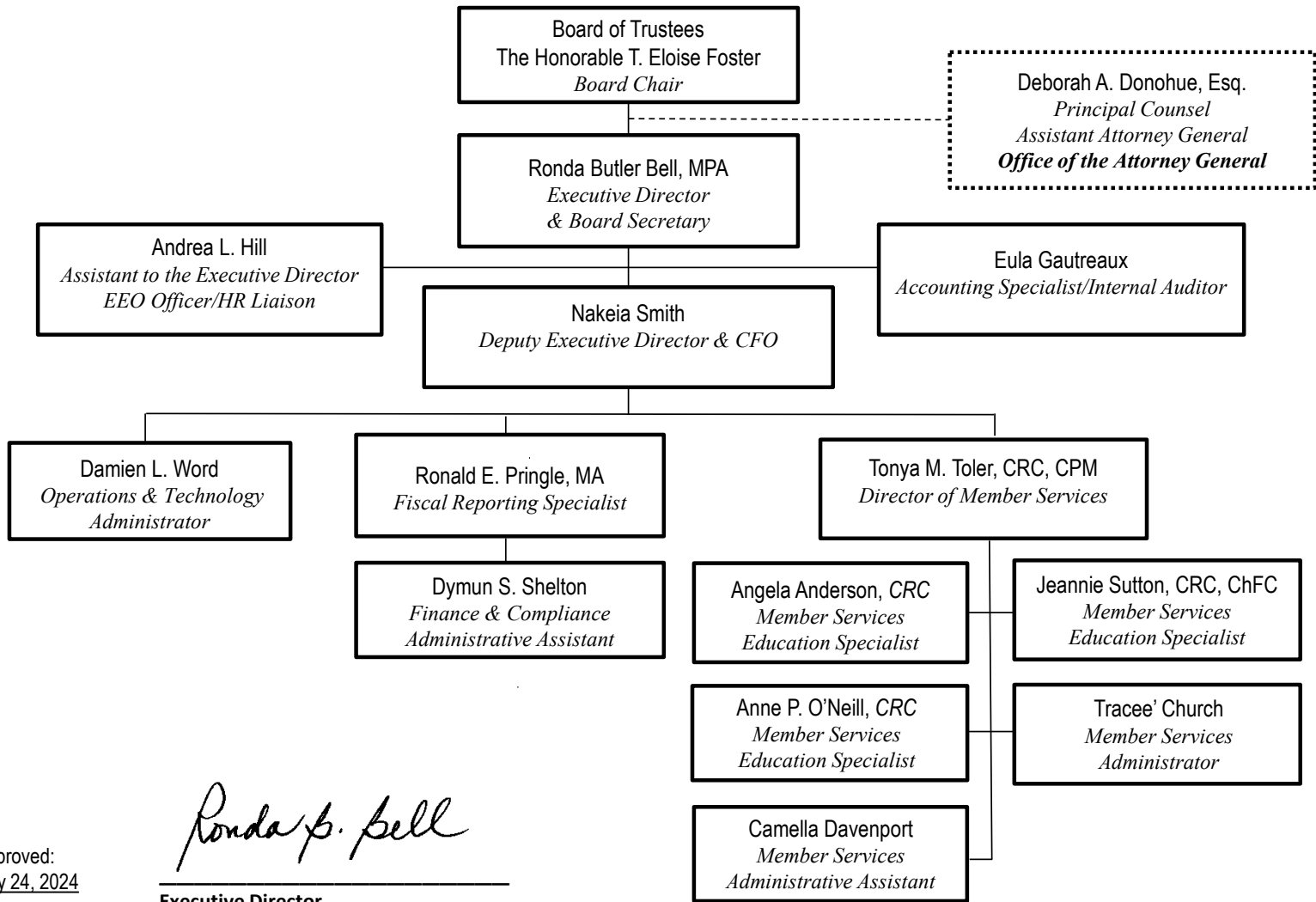
T. Rowe Price & Associates, Inc.

### **Independent Auditor**

RSM US LLP



## Maryland Teachers & State Employees Supplemental Retirement Plans



Approved:  
July 24, 2024

*Ronda B. Bell*

Executive Director





# Financial Section

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Annual Comprehensive Financial Report 2023

## Independent Auditor's Report

Board of Trustees  
Maryland Teachers & State Employees Supplemental Retirement Plans

### Opinions

We have audited the financial statements of the Maryland Teachers & State Employees Supplemental Retirement Plans (MSRP), a component unit of the State of Maryland, which comprise the statements of fiduciary net position as of December 31, 2023 and 2022, the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements. We also have audited the financial statements of each of the plans presented in the combining statements of fiduciary net position as of December 31, 2023 and 2022, the related combining statements of changes in fiduciary net position for the years then ended, and the related notes to the combining financial statements. These statements collectively comprise MSRP's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of MSRP, as of December 31, 2023 and 2022, and the changes in its fiduciary net 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 fiduciary net position of each plan of MSRP, as of December 31, 2023 and 2022, and the respective changes in fiduciary net position 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 Audits 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 audits. 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 MSRP's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audits 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 audits 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 audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise MSRP's basic financial statements. The schedules 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 audits 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 schedules of administrative expenses are 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 comprehensive financial 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 audits 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  
November 27, 2024



## 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 calendar years ended December 31, 2023 and 2022. The financial statements appear on page 25 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 Fiduciary Net Position, together with related note disclosures (where necessary or appropriate), to explain a particular item or its context. Each Plan – the 457(b) Deferred Compensation, 401(k) Savings & Investment, 403(b) Tax Sheltered Annuity, and 401(a) Match Plan – has a separate, stand-alone financial statement. A combining statement of Fiduciary Net Position that consolidates the assets and transactions of all four Plans begins on page 30 of this report.

The Statement of Changes in Fiduciary 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 \$656.2 million, or 14.0%, to \$5.34 billion at December 31, 2023, from \$4.68 billion at December 31, 2022. Net position available for Plan benefits decreased by \$893.3 million, or 16.0%, to \$4.68 billion at December 31, 2022, from \$5.58 billion at December 31, 2021. Solid rebounds in Q4 2023 capped off a volatile year with stronger than expected performance.
- Employee deferrals/contributions into the Plans increased by \$32.4 million, or 17.1%, to \$222 million for the year ended December 31, 2023, from \$190.0 million for the year ended December 31, 2022. Employee contributions into the Plans decreased by \$0.2 million, or 0.1%, to \$190.0 million for the year ended December 31, 2022, from \$190.2 million for the year ended as of December 31, 2021.
- Due to the suspension of the funding for the State Match program in State Fiscal Year 2010, employer contributions had 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). The State Match program was reinstated as of July 1, 2023. A State higher education student loan payment match for deferring/contributing participants was authorized as of January 1, 2024.
- In calendar year 2023, participant distributions increased by \$39.0 million to \$316.7 million, from \$277.7 million for the year ended December 31, 2022. At December 31, 2022, participant distributions decreased slightly \$22.9 million to \$277.7 million from \$300.6 million at December 31, 2021.

### 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 ACFR.

The chart located on the following page illustrates a summary of the changes in the four Plans from calendar year 2022 to calendar year 2023, 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 are fiduciaries of the Maryland Teachers & State Employees 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 ACFR 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: Andrea L. Hill

Public Information Act Representative

6 St Paul Street, Suite 200

Baltimore, Maryland 21202-1600

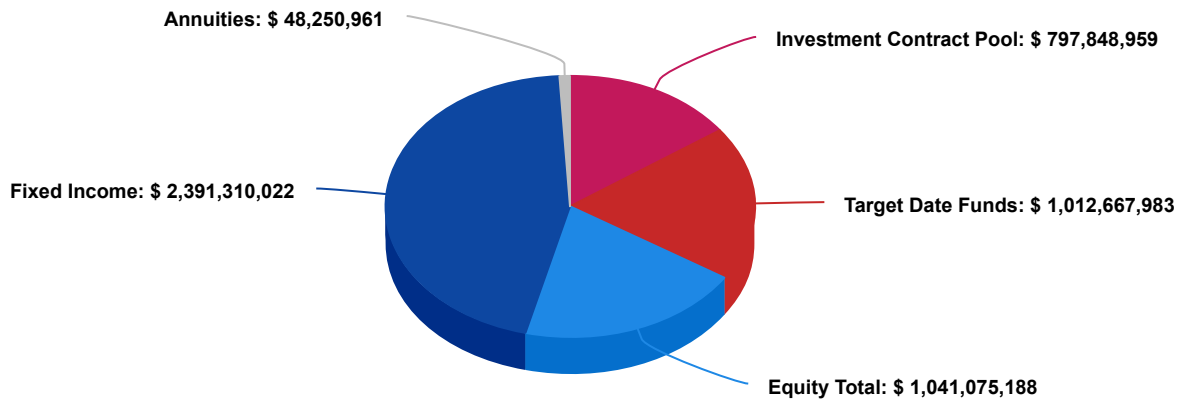
**Condensed Summary of Fiduciary Net Position**

|  | 2023                    | 2022                    | 2021                    |
|--|-------------------------|-------------------------|-------------------------|
| <b>Assets</b>                                    |                         |                         |                         |
| Investments                                      | \$ 5,291,153,113        | \$ 4,635,669,492        | \$ 5,527,572,560        |
| Total investments                                | 5,291,153,113           | 4,635,669,492           | 5,527,572,560           |
| Cash surrender value of life insurance contracts | 2,740,550               | 2,753,016               | 2,775,032               |
| Cash   | 251,485                 | 592,401                 | 1,255,359               |
| Receivables:                                     |                         |                         |                         |
| Loans receivable                                 | 37,397,793              | 37,488,595              | 38,494,449              |
| Other receivable                                 | 7,206,842               | 6,071,526               | 5,767,735               |
| <b>Fiduciary Net Position</b>                    | <b>\$ 5,338,749,783</b> | <b>\$ 4,682,575,030</b> | <b>\$ 5,575,865,135</b> |

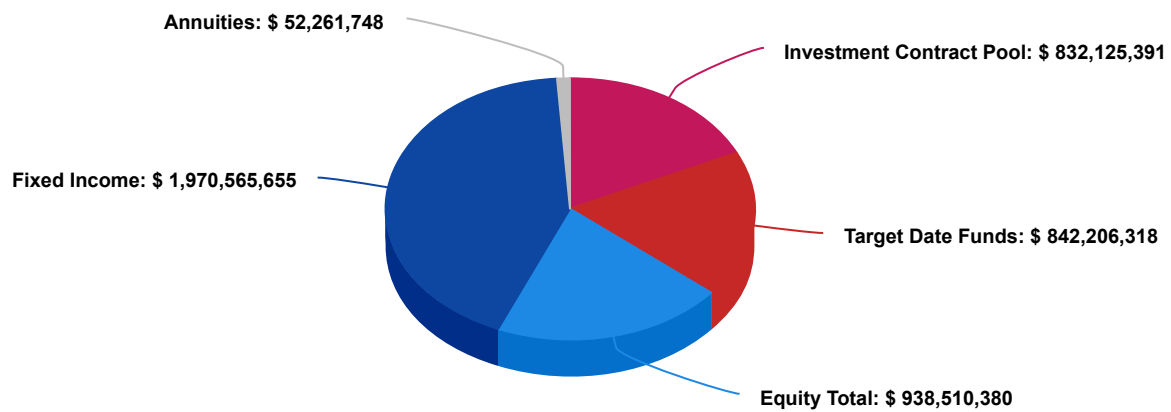
**Condensed Summary of Change in Fiduciary Net Position**

|  | 2023                    | 2022                    | 2021                    |
|--|-------------------------|-------------------------|-------------------------|
| <b>Additions</b>                           |                         |                         |                         |
| Employee contributions                     | \$ 222,391,330          | \$ 189,971,046          | \$ 190,217,444          |
| Participant Fees                           | 1,861,220               | 1,336,367               | 1,766,789               |
| Variable earnings reimbursements           | 1,672,728               | 1,671,106               | 1,786,049               |
| Investment income:                         |                         |                         |                         |
| Variable earnings investment (loss)/Income | 731,401,137             | (818,461,864)           | 733,896,717             |
| Other income                               | 25,844,778              | 19,851,311              | 18,292,463              |
| <b>Total Additions</b>                     | <b>983,171,193</b>      | <b>(605,632,034)</b>    | <b>945,959,462</b>      |
| <b>Deductions</b>                          |                         |                         |                         |
| Distributions to participants              | 316,670,165             | 277,699,840             | 300,550,087             |
| Fees taken from participants               | 8,302,798               | 7,762,224               | 7,964,928               |
| Net administrative expenses - Board        | 2,022,047               | 2,194,577               | 1,932,632               |
| Life insurance premiums                    | 1,430                   | 1,430                   | 1,440                   |
| <b>Total Deductions</b>                    | <b>326,996,440</b>      | <b>287,658,071</b>      | <b>310,449,087</b>      |
| Net Change                                 | 656,174,753             | (893,290,105)           | 635,510,375             |
| Fiduciary Net position                     |                         |                         |                         |
| Beginning of the year                      | 4,682,575,030           | 5,575,865,135           | 4,940,354,760           |
| <b>Fiduciary Net Position End of Year</b>  | <b>\$ 5,338,749,783</b> | <b>\$ 4,682,575,030</b> | <b>\$ 5,575,865,135</b> |

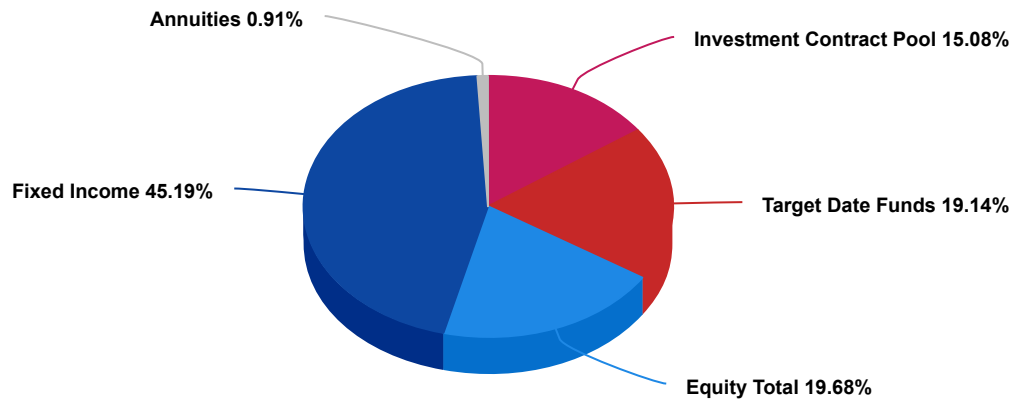
Plans Investments by Category 2023



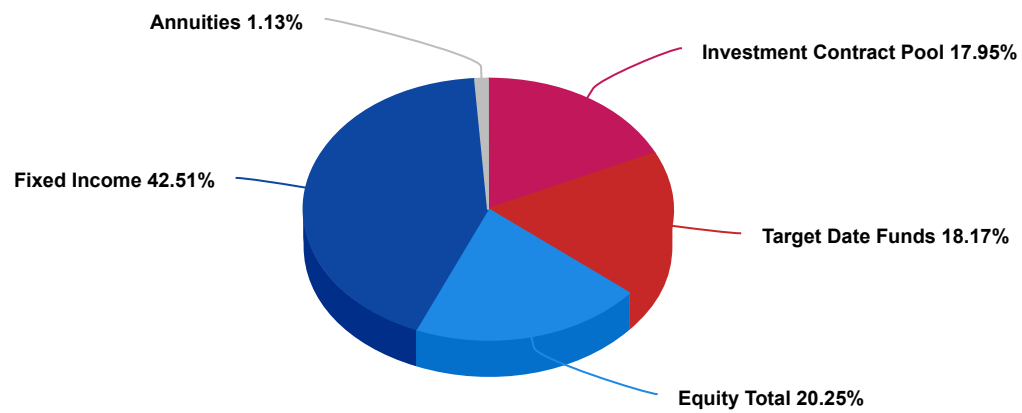
Plans Investments by Category 2022



## Investment Allocation % (CY 2023)



## Investment Allocation % (CY 2022)







# Basic Financial Statements

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Annual Comprehensive Financial Report 2023

**Statement Of Fiduciary Net Position**  
**As of December 31, 2023 and 2022**

|  | 2023                    | 2022                    |
|--|-------------------------|-------------------------|
| <b>Assets and Net Position</b>                   |                         |                         |
| Investments                                      |                         |                         |
| Investment contract pool                         | \$ 797,848,959          | \$ 832,125,391          |
| Mutual funds/Collective Investment Trusts:       |                         |                         |
| Equity funds                                     | 1,041,075,188           | 938,510,380             |
| Target date funds                                | 1,012,667,983           | 842,206,318             |
| Fixed income funds                               | 2,391,310,022           | 1,970,565,655           |
| Annuities  | 48,250,961              | 52,261,748              |
| <b>Total Investments</b>                         | <b>5,291,153,113</b>    | <b>4,635,669,492</b>    |
| Cash surrender value of life insurance contracts | 2,740,550               | 2,753,016               |
| Cash   | 251,485                 | 592,401                 |
| Receivables:                                     |                         |                         |
| Employee deferrals/contributions                 | 7,026,752               | 6,071,526               |
| Participant loans receivable                     | 37,397,793              | 37,488,595              |
| Other receivable                                 | 180,090                 | -                       |
| <b>Fiduciary Net Position</b>                    | <b>\$ 5,338,749,783</b> | <b>\$ 4,682,575,030</b> |

The accompanying notes are an integral part of the financial statements

**Statement Of Combining Fiduciary Net Position**  
**December 31, 2023**

|  | Deferred<br>Compensation<br>457(b) Plan | Savings and<br>Investment<br>Plans 401(k) | Match Plan and<br>Trust<br>401(a) Plan | Tax Sheltered<br>Annuity Plan<br>403(b) Plan | Total                   |
|--|---|---|--|--|-------------------------|
| <b>Investments</b>                               |   |   |  |  |                         |
| Investment contract pool                         | \$ 398,057,549                          | \$ 371,092,421                            | \$ 28,698,989                          | \$ -   | \$ 797,848,959          |
| Mutual funds/Collective Investment Trusts        |   |   |  |  |                         |
| Equity funds                                     | 439,625,330                             | 481,891,777                               | 47,762,086                             | 71,795,995                                   | 1,041,075,188           |
| Target date funds                                | 463,968,176                             | 499,801,589                               | 34,588,157                             | 14,310,061                                   | 1,012,667,983           |
| Fixed income funds                               | 961,519,833                             | 1,266,464,937                             | 131,869,082                            | 31,456,170                                   | 2,391,310,022           |
| Annuities  | 48,250,961                              | -   | -                                      | -  | 48,250,961              |
| <b>Total Investments</b>                         | <u>2,311,421,849</u>                    | <u>2,619,250,724</u>                      | <u>242,918,314</u>                     | <u>117,562,226</u>                           | <u>5,291,153,113</u>    |
| Cash surrender value of life insurance contracts | 2,740,550                               | -   | -                                      | -  | 2,740,550               |
| Cash   | 251,485                                 | -   | -                                      | -  | 251,485                 |
| Receivables:                                     |   |   |  |  |                         |
| Employee deferrals/contributions                 | 3,516,929                               | 3,178,569                                 | 215,897                                | 115,357                                      | 7,026,752               |
| Participant loans receivable                     | 21,164,990                              | 15,979,742                                | -                                      | 253,061                                      | 37,397,793              |
| Other receivables                                | 180,090                                 | -   | -                                      | -  | 180,090                 |
| <b>Fiduciary Net Position</b>                    | <u>\$ 2,339,275,893</u>                 | <u>\$ 2,638,409,035</u>                   | <u>\$ 243,134,211</u>                  | <u>\$ 117,930,644</u>                        | <u>\$ 5,338,749,783</u> |

**Statement of Combining Fiduciary Net Position**  
**December 31, 2022**

|  | Deferred<br>Compensation<br>457(b) Plan | Savings and<br>Investment<br>Plans 401(k) | Match Plan and<br>Trust<br>401(a) Plan | Tax Sheltered<br>Annuity Plan<br>403(b) Plan | Total                   |
|--|---|---|--|--|-------------------------|
| <b>Investments</b>                               |   |   |  |  |                         |
| Investment contract pool                         | \$ 415,226,311                          | \$ 388,161,548                            | \$ 28,737,532                          | \$ -   | \$ 832,125,391          |
| Mutual funds/Collective Investment Trusts        |   |   |  |  |                         |
| Equity funds                                     | 394,070,302                             | 436,855,660                               | 43,233,856                             | 64,350,562                                   | 938,510,380             |
| Target date funds                                | 380,034,609                             | 425,065,385                               | 24,346,147                             | 12,760,177                                   | 842,206,318             |
| Fixed income funds                               | 785,444,795                             | 1,047,373,936                             | 109,247,800                            | 28,499,124                                   | 1,970,565,655           |
| Annuities  | 52,261,748                              | -   | -                                      | -  | 52,261,748              |
| <b>Total Investments</b>                         | <u>2,027,037,765</u>                    | <u>2,297,456,529</u>                      | <u>205,565,335</u>                     | <u>105,609,863</u>                           | <u>4,635,669,492</u>    |
| Cash surrender value of life insurance contracts | 2,753,016                               | -   | -                                      | -  | 2,753,016               |
| Cash   | 592,401                                 | -   | -                                      | -  | 592,401                 |
| Receivables:                                     |   |   |  |  |                         |
| Employee deferrals/contributions                 | 3,171,947                               | 2,813,287                                 | 25                                     | 86,267                                       | 6,071,526               |
| Participant loans receivable                     | 20,528,329                              | 16,663,494                                | -                                      | 296,772                                      | 37,488,595              |
| Other receivables                                | -                                       | -   | -                                      | -  | -                       |
| <b>Fiduciary Net Position</b>                    | <u>\$ 2,054,083,458</u>                 | <u>\$ 2,316,933,310</u>                   | <u>\$ 205,565,360</u>                  | <u>\$ 105,992,902</u>                        | <u>\$ 4,682,575,030</u> |

The accompanying notes are an integral part of the financial statements

**Statements Of Changes In Fiduciary Net Position  
For The Year Ended December 31, 2023 and 2022**

|  | <b>2023</b>                        | <b>2022</b>                        |
|--|------------------------------------|------------------------------------|
| <b>Additions To Net Position Attributed To:</b>    |                                    |                                    |
| Employee deferrals/contributions                   | \$ 222,391,330                     | \$ 189,971,046                     |
| Participant fees                                   | 1,861,220                          | 1,336,367                          |
| Variable earnings reimbursements                   | 1,672,728                          | 1,671,106                          |
| Variable earnings investment (loss)/Income         | 731,401,137                        | (818,461,864)                      |
| Interest income                                    | 25,844,778                         | 19,851,311                         |
| <b>Total Additions</b>                             | <u>983,171,193</u>                 | <u>(605,632,034)</u>               |
| <b>Deductions From Net Position Attributed To:</b> |                                    |                                    |
| Distributions to participants                      | 316,670,165                        | 277,699,840                        |
| Fees taken from participants                       | 8,302,798                          | 7,762,224                          |
| Net administrative expenses - Board                | 2,022,047                          | 2,194,577                          |
| Life insurance premiums                            | 1,430                              | 1,430                              |
| <b>Total Deductions</b>                            | <u>326,996,440</u>                 | <u>287,658,071</u>                 |
| <br>Net Change                                     | <br>656,174,753                    | <br>(893,290,105)                  |
| <br>Fiduciary Net position                         |                                    |                                    |
| Beginning of the year                              | <u>4,682,575,030</u>               | <u>5,575,865,135</u>               |
| <br><b>Fiduciary Net Position End of Year</b>      | <br><u><u>\$ 5,338,749,783</u></u> | <br><u><u>\$ 4,682,575,030</u></u> |

The accompanying notes are an integral part of the financial statements

**Statements Of Combining Changes In Fiduciary Net Position  
For The Year Ended December 31, 2023**

|   | Deferred<br>Compensation<br>457(b) Plan | Savings and<br>Investment<br>Plan<br>401(k) Plan | Match Plan and<br>Trust<br>401(a) Plan | Total Sheltered<br>Annuity Plan<br>403(b) Plan | Total                   |
|---|---|--|--|--|-------------------------|
| Additions:                                |   |  |  |  |                         |
| Employee deferrals/contributions          | \$ 104,474,900                          | \$ 102,892,866                                   | \$ 12,249,128                          | \$ 2,774,436                                   | \$ 222,391,330          |
| Participant fees                          | 1,861,220                               | -  | -                                      | -  | 1,861,220               |
| Variable earnings reimbursements          | 743,121                                 | 790,640  | 80,915                                 | 58,052   | 1,672,728               |
| Investment income:                        |   |  |  |  |                         |
| Variable earnings investment (Loss)       | 304,380,835                             | 371,786,565                                      | 36,725,581                             | 18,508,156                                     | 731,401,137             |
| Interest income                           | 14,159,378                              | 10,820,140                                       | 750,127                                | 115,133  | 25,844,778              |
| <b>Total Additions</b>                    | <u>425,619,454</u>                      | <u>486,290,210</u>                               | <u>49,805,751</u>                      | <u>21,455,777</u>                              | <u>983,171,192</u>      |
| Deductions:                               |   |  |  |  |                         |
| Distributions to participants             | 134,633,849                             | 160,744,431                                      | 11,911,757                             | 9,380,128                                      | 316,670,165             |
| Fees taken from participants              | 3,769,696                               | 4,070,054  | 325,144                                | 137,904  | 8,302,798               |
| Net administrative expenses - Board       | 2,022,047                               | -  | -                                      | -  | 2,022,047               |
| Life insurance premiums                   | 1,430                                   | -  | -                                      | -  | 1,430                   |
| <b>Total Deductions</b>                   | <u>140,427,022</u>                      | <u>164,814,485</u>                               | <u>12,236,901</u>                      | <u>9,518,032</u>                               | <u>326,996,440</u>      |
| <b>Net Change</b>                         | <u>285,192,432</u>                      | <u>321,475,725</u>                               | <u>37,568,850</u>                      | <u>11,937,745</u>                              | <u>656,174,752</u>      |
| Fiduciary Net position                    |   |  |  |  |                         |
| Beginning of the year                     | <u>2,054,083,461</u>                    | <u>2,316,933,309</u>                             | <u>205,565,361</u>                     | <u>105,992,899</u>                             | <u>4,682,575,030</u>    |
| <b>Fiduciary Net Position End of Year</b> | <u>\$ 2,339,275,893</u>                 | <u>\$ 2,638,409,034</u>                          | <u>\$ 243,134,211</u>                  | <u>\$ 117,930,644</u>                          | <u>\$ 5,338,749,783</u> |

The accompanying notes are an integral part of the financial statements



**Statements Of Combining Changes In Fiduciary Net Position  
For The Year Ended December 31, 2022**

|   | <b>Deferred<br/>Compensation<br/>457(b) Plan</b> | <b>Savings and<br/>Investment<br/>Plan<br/>401(k) Plan</b> | <b>Match Plan and<br/>Trust<br/>401(a) Plan</b> | <b>Total Sheltered<br/>Annuity Plan<br/>403(b) Plan</b> | <b>Total</b>           |
|---|--|--|---|---|------------------------|
| Additions:                                |  |  |   |   |                        |
| Employee deferrals/contributions          | \$ 95,978,567                                    | \$ 91,420,225  | \$ 31,568                                       | \$ 2,540,686  | \$ 189,971,046         |
| Participant fees                          | 1,336,367  | -  | -   | -   | 1,336,367              |
| Variable earnings reimbursements          | 738,627  | 792,053  | 81,018  | 59,408  | 1,671,106              |
| Investment income:                        |  |  |   |   |                        |
| Variable earnings investment (Loss)       | (334,761,225)                                    | (421,846,057)  | (40,722,177)                                    | (21,132,405)  | (818,461,864)          |
| Interest income                           | 11,128,553                                       | 8,045,552  | 542,846   | 134,360   | 19,851,311             |
| <b>Total Additions</b>                    | <u>(225,579,111)</u>                             | <u>(321,588,227)</u>                                       | <u>(40,066,745)</u>                             | <u>(18,397,951)</u>                                     | <u>(605,632,034)</u>   |
| Deductions:                               |  |  |   |   |                        |
| Distributions to participants             | 122,600,087                                      | 136,477,568  | 11,835,667                                      | 6,786,518   | 277,699,840            |
| Fees taken from participants              | 3,504,449  | 3,816,032  | 308,081   | 133,662   | 7,762,224              |
| Net administrative expenses - Board       | 2,194,577  | -  | -   | -   | 2,194,577              |
| Life insurance premiums                   | 1,430  | -  | -   | -   | 1,430                  |
| <b>Total Deductions</b>                   | <u>128,300,543</u>                               | <u>140,293,600</u>   | <u>12,143,748</u>                               | <u>6,920,180</u>  | <u>287,658,071</u>     |
| <b>Net Change</b>                         | <u>(353,879,654)</u>                             | <u>(461,881,827)</u>                                       | <u>(52,210,493)</u>                             | <u>(25,318,131)</u>                                     | <u>(893,290,105)</u>   |
| Fiduciary Net position                    |  |  |   |   |                        |
| Beginning of the 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>   |
| <b>Fiduciary Net Position End of Year</b> | <u>\$2,054,083,461</u>                           | <u>\$2,316,933,309</u>                                     | <u>\$ 205,565,361</u>                           | <u>\$ 105,992,899</u>                                   | <u>\$4,682,575,030</u> |

The accompanying notes are an integral part of the financial statements



# Notes to Financial Statements

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Annual Comprehensive Financial Report 2023

## **1. General Description of the Plans:**

The Maryland Teachers and State Employees Supplemental Retirement Plans originated from three sources. In 1963, the Board of Trustees of the Teachers Retirement System established the Maryland Teachers' Tax Deferred Annuity Plan under section 403(b) of the Internal Revenue Code. In 1974, the Maryland Governor initiated the 457 Deferred Compensation Plan by executive order (01.01.1974.19), which was codified by the Maryland General Assembly in Chapter 433, Acts of 1974. In 1984, the Maryland General Assembly established the 401(k) Savings and Investment Plan in Chapter 746, Acts of 1984.

In 1985, the Maryland General Assembly created the Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans to oversee and administer the three existing Plans in Chapter 741, Acts of 1985.

These defined contribution Plans are a component unit of the State and reported as a fiduciary trust fund in the State and reflect transactions and account balances, with those transactions being accounted for using the economic resources measurement focus. The Plans, which are reported as of and for the year ended December 31, account for participant earnings deferred/contributed in accordance with Internal Revenue Code Sections 457, 403(b), 401(a), and 401(k). Amounts that are deferred/contributed 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. After-tax Roth accounts were authorized for participants in the 457 Deferred Compensation Plan and the 401(k) Savings and Investment Plan effective in January of 2011. Deferrals or contributions to these accounts have already been taxed, so are not taxed again upon distribution. The Fiduciary Trust Fund is overseen and administered by the Board of Trustees, who are appointed by the Governor, and each member serves a staggered 4-year term.

Effective July 1, 1999, the Maryland General Assembly authorized the Match program, which makes a dollar-for-dollar matching contribution for eligible State employees who voluntarily defer/contribute to one of the State-sponsored supplemental retirement plans. If funded in the State budget, State matching contributions are limited to \$600 per eligible employee, per year. The State matching contributions for MSRP participants are paid into a separate qualified plan, the 401(a) Match plan, which was established by the Maryland General Assembly in Chapter 530, Acts of 1998.

Under Plan provisions eligible employees of the State of Maryland may voluntarily elect to defer or contribute a portion of their compensation into a 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 a 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 aged 50 or over, and for participants within three years of their Normal Retirement Age. Subsequent federal legislation and regulations, including the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act), and SECURE 2.0 (signed into law on December 29, 2022) have increased deferral/contribution and catch-up limits. 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 January 2011, the Board approved an after-tax Roth contribution option for the 457 and 401(k) Plans. In October 2014, the Roth conversion feature became effective.

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. On December 31, 2023 and 2022, the Plan met the requirements of the SBJPA.

- A.** Employees electing to defer/contribute to the 457 Deferred Compensation 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.

## 1. General Description of the Plans (continued):

- B.** The fixed earnings investment underwritten by Nationwide Life Insurance Company (Nationwide) was previously available. A portion of the 457 Plan's investments is still held at this company, however, this investment option is not available for current enrollments or deferrals.

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

Employees who have deferred/contributed to the Plans receive benefits under the Plans 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:

MSRP consists 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(b); (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 69,442 participants as of December 31, 2023. MSRP operates pursuant to the provisions of Titles 21, subtitle 2; 32; and 35 of the State Personnel and Pensions Article of the Annotated Code of Maryland and is governed by a nine-member 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, which was codified by the Maryland General Assembly in Chapter 433, Acts of 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 in Chapter 746, Acts of 1984, 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 Chapter 530, Acts of 1998, and is designed to be a tax-qualified 401(a) defined contribution plan.

In 1963, the Board of Trustees of the Teachers Retirement System established the Maryland Teachers' Tax-Deferred Annuity Plan under section 403(b) of the Internal Revenue Code. In 1985, the Board was authorized to oversee and administer the 403(b) Tax Sheltered Annuity Plan (the "403(b) Plan"), which it operates pursuant to the provisions of Title 35 of the State Personnel & Pensions Article of the Maryland Code and a Plan document adopted by the Board.

### 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 defined contribution 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 T. Rowe Price Associates under a management services contract with the Board. Interest rates are reset monthly.

As of October 1996, a master trust (the Master Trust) was established to hold all assets of the Plans under Board Trusteeship and administration, including the ICP. 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 Funds** – 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.

**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 mostly passively managed mutual fund and target date vehicles to non-securities lending collective investment trust vehicles managed by State Street. Further transitions of passively managed mutual fund vehicles to CIT vehicles occurred in 2020 (managed by T. Rowe Price and William Blair) and 2023 (managed by Janus Henderson, Putnam and T. Rowe Price).

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

### 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. Principal and interest payments are credited to the participant's 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. The 401(a) Match Plan does not offer a loan provision.

On January 23, 2023, the Board approved updated administrative procedures on loans and offsetting events. The administrative procedure clarified language specific to defaulted loans, updated procedural changes in administration of such loans, and clarified the loan default process. The changes were implemented on July 1, 2023.



## 2. Summary of Significant Accounting Policies (continued):

### F. Employee Contributions Receivable

Employee contributions receivable represents amounts withheld from employees' pay but not remitted to the investment carriers as of December 31. Deferral/contributions are credited to the applicable investment option upon receipt from the State. Employee deferral/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.

Employees electing to defer/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 Deferrals/Contributions

Eligible State employees may defer/contribute to the 457 Plan, 401(k) Plan, or the 403(b) Plan through payroll deductions. Employee deferrals/contributions are recognized as revenue in the period in which the deferral/contributions are withheld from the employees' compensation. As required by the IRC, MSRP limits the amount of an individual's annual deferrals/contributions to an amount not to exceed the lesser of \$22,500 and \$20,500 for the years ended December 31, 2023 and 2022, 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 defer 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. The Plans also provide participants the ability to make Roth contributions. These contributions are post-tax and subject to provisions on tax-free distributions. Roth contributions do not reduce current taxable income and cannot be used for Supplemental Guaranteed Lifetime Income. Roth contributions are eligible for employer match. Contributions of \$6.6 million were made to the Roth accounts by approximately 10,724 participants in the 457 Plan and the 401(k) Plan during the year ended December 31, 2023. Contributions of \$5.2 million were made to the Roth accounts by approximately 8,873 participants in the 457 Plan and the 401(k) Plan during the year ended December 31, 2022.

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 deferrals/contributions to one of the Plans during the same plan year. The statutory maximum contribution is \$600 per participant for each State fiscal year. Deferrals/contributions are credited to the investment option selected by the employee/Plan participant. For the period July 1, 2009 through June 30, 2023, the State suspended the match contribution.

### H. Investment Income (Loss)

Net appreciation or decrease in Plan net position 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 or loss is recognized when earned, primarily consisting of interest and dividends. Investment expenses consist of external expenses directly related to MSRP investment options.

### I. Variable Earnings Investment Income Reimbursements

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.

## **2. Summary of Significant Accounting Policies (continued):**

### **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 made.

### **L. Distribution to Participants**

Employees investing in the Plans may or, under certain circumstances, shall 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 State 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. Suspense**

Employee deferral/contributions are recognized when such amounts are withheld from employees' pay. Deferrals/contributions are credited by the applicable investment carriers upon receipt of a valid trade order. Deferrals/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.

### **N. Investment Valuation**

Other fixed earnings investments are valued at contract value, which represents deferrals/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 is valued as reported by the carrier.

### **O. Cash**

Cash represents amounts withheld from participants and remitted to the Board of Trustees for the Maryland Teachers & State Employees Supplemental Retirement Plans, reduced by amounts disbursed to vendors providing services to the Plans. These amounts are presented in the financial statements in accordance with the plan administration services contract 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 Treasurer's Office bank account for the benefit of the Plans.

## 2. Summary of Significant Accounting Policies (continued):

### P. 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 deferral/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.

### Q. Mutual Fund Income

Mutual fund investment income consists of dividends earned, which are recorded on the ex-dividend date, and realized and unrealized gains and losses on the various mutual fund shares owned by the Maryland Teachers & State Employees Supplemental Retirement Plans.

### R. Subsequent Events

MSRP has evaluated events subsequent to December 31, 2023, through the date of issuance of the financial statements and determined that no additional disclosure was necessary.

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### 3. Investments

#### Part 1: 457(b) Plan

Investments held including a discontinued group annuity contract and annuity reserves held by Nationwide Life and Metropolitan Life, as of December 31, 2023 and 2022, were as follows:

|  | <b>2023</b>             | <b>2022</b>             |
|--|-------------------------|-------------------------|
| Fixed Investments - Investment Contract Pool                         | \$ 398,057,549          | \$ 415,226,311          |
| Equity Funds:  |                         |                         |
| Fidelity ® Puritan® Fund   | 148,831,960             | 128,232,630             |
| Large Cap Value Fund Fee Class I1                                    | 97,281,019              | -                       |
| T Rowe Price Institutional Small Cap Stock Fund, Inc.                | 79,160,797              | 69,613,435              |
| T Rowe Price Mid Cap Value Fund, Inc.- Retail Shrs                   | 51,994,766              | 46,505,017              |
| Mid Cap Growth Fund II I1  | 35,700,762              | -                       |
| Parnassus Core Equity Fund-Inst Shrs                                 | 26,839,673              | 21,481,131              |
| Delaware Value Fund - Institutional Class                            | -                       | 95,204,974              |
| Janus Henderson Enterprise Fund-N Shrs                               | -                       | 33,236,274              |
| Suspense   | (183,647)               | (203,159)               |
| Total Equity Funds   | 439,625,330             | 394,070,302             |
| Target Date Funds:   |                         |                         |
| Wilmington Trust T. Rowe Price Retirement Date 2030 Trust I1         | 73,274,337              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2035 Trust I1         | 63,845,437              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2040 Trust I1         | 62,951,446              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2025 Trust I1         | 54,422,573              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2045 Trust I1         | 50,182,406              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2050 Trust I1         | 44,103,292              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2020 Trust I1         | 38,641,627              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2055 Trust I1         | 31,430,614              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2015 Trust I1         | 20,112,806              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2010 Trust I1         | 10,388,894              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2060 Trust I1         | 9,647,052               | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2005 Trust I1         | 3,961,085               | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2065 Trust I1         | 1,006,607               | -                       |
| T Rowe Price Retirement 2030 Trust B                                 | -                       | 60,568,240              |
| T Rowe Price Retirement 2035 Trust B                                 | -                       | 50,706,653              |
| T Rowe Price Retirement 2040 Trust B                                 | -                       | 48,201,898              |
| T Rowe Price Retirement 2025 Trust B                                 | -                       | 47,507,322              |
| T Rowe Price Retirement 2020 Trust B                                 | -                       | 38,902,656              |
| T Rowe Price Retirement 2045 Trust B                                 | -                       | 38,051,858              |
| T Rowe Price Retirement 2050 Trust B                                 | -                       | 33,526,779              |
| T Rowe Price Retirement 2055 Trust B                                 | -                       | 22,737,140              |
| T Rowe Price Retirement 2015 Trust B                                 | -                       | 19,268,555              |
| T Rowe Price Retirement 2010 Trust B                                 | -                       | 10,240,271              |
| T Rowe Price Retirement 2060 Trust B                                 | -                       | 6,461,255               |
| T Rowe Price Retirement 2005 Trust B                                 | -                       | 3,679,822               |
| T Rowe Price Retirement 2065 Trust B                                 | -                       | 182,160                 |
| Total Target Date Funds  | 463,968,176             | 380,034,609             |
| Fixed Income Funds:  |                         |                         |
| State Street S&P 500 Index Non-Lending Series Fund Class K           | 307,191,020             | 250,617,510             |
| William Blair Large Cap Growth Collective Inv Fund-Class 5           | 137,915,412             | 100,322,838             |
| T Rowe Price Structured Research Common Trust Fund                   | 101,795,871             | 78,042,998              |
| State Street S&P MidCap Index Non-Lending Series Fund Class M        | 98,616,353              | 89,771,741              |
| American Funds-EuroPacific Growth Fund® -Class R6                    | 72,290,983              | 62,574,639              |
| State Street International Index Non-Lending Series Fund Class M     | 69,173,187              | 55,930,701              |
| TCW Core Fixed Income Fund - I Class                                 | 68,516,297              | 59,185,779              |
| State Street U.S. Bond Index Non-Lending Series Fund Class M         | 61,648,366              | 50,063,509              |
| State Street Russell Small Cap Index Non-Lending Series Fund Class K | 44,372,344              | 38,935,080              |
| Total Fixed Income Funds   | 961,519,833             | 785,444,795             |
| Nationwide Fixed Annuities   | 41,648,252              | 44,918,857              |
| Nationwide Life annuity payout reserves                              | 4,341,853               | 4,779,312               |
| Metropolitan Life annuity payout reserves                            | 2,260,856               | 2,563,579               |
| <b>Total Annuities</b>   | <b>48,250,961</b>       | <b>52,261,748</b>       |
| <b>Total Investments</b>   | <b>\$ 2,311,421,849</b> | <b>\$ 2,027,037,765</b> |

### 3. Investments (continued)

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

Investments held as of December 31, 2023 and 2022, were as follows:

|  | 2023                    | 2022                    |
|--|-------------------------|-------------------------|
| Fixed Investments - Investment Contract Pool                         | \$ 371,092,421          | \$ 388,161,548          |
| Equity Funds:  |                         |                         |
| Fidelity® Puritan® Fund  | 156,209,211             | 136,217,573             |
| T Rowe Price Institutional Small Cap Stock Fund, Inc.                | 104,922,474             | 94,152,447              |
| Large Cap Value Fund Fee Class I1                                    | 91,633,689              | -                       |
| T Rowe Price Mid Cap Value Fund, Inc.- Retail Shrs                   | 58,831,831              | 52,199,332              |
| Mid Cap Growth Fund II I1  | 40,749,315              | -                       |
| Parnassus Core Equity Fund-Inst Shrs                                 | 29,487,820              | 24,114,163              |
| Suspense   | 57,437                  | (100,160)               |
| Delaware Value Fund - Institutional Class                            | -                       | 91,254,711              |
| Janus Henderson Enterprise Fund-N Shrs                               | -                       | 39,017,594              |
| Total Equity Funds   | 481,891,777             | 436,855,660             |
| Target Date Funds:   |                         |                         |
| Wilmington Trust T. Rowe Price Retirement Date 2025 Trust I1         | 102,651,620             | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2030 Trust I1         | 95,229,646              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2020 Trust I1         | 83,466,649              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2035 Trust I1         | 57,725,340              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2040 Trust I1         | 41,550,377              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2015 Trust I1         | 41,065,151              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2045 Trust I1         | 23,781,779              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2050 Trust I1         | 18,211,055              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2010 Trust I1         | 14,254,649              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2055 Trust I1         | 10,735,147              | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2060 Trust I1         | 4,171,675               | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2065 Trust I1         | 3,570,373               | -                       |
| Wilmington Trust T. Rowe Price Retirement Date 2005 Trust I1         | 3,388,128               | -                       |
| T Rowe Price Retirement 2025 Trust B                                 | -                       | 90,929,585              |
| T Rowe Price Retirement 2030 Trust B                                 | -                       | 79,209,775              |
| T Rowe Price Retirement 2020 Trust B                                 | -                       | 78,482,814              |
| T Rowe Price Retirement 2035 Trust B                                 | -                       | 46,382,147              |
| T Rowe Price Retirement 2015 Trust B                                 | -                       | 37,350,772              |
| T Rowe Price Retirement 2040 Trust B                                 | -                       | 32,832,031              |
| T Rowe Price Retirement 2045 Trust B                                 | -                       | 17,611,672              |
| T Rowe Price Retirement 2050 Trust B                                 | -                       | 13,748,870              |
| T Rowe Price Retirement 2010 Trust B                                 | -                       | 13,680,277              |
| T Rowe Price Retirement 2055 Trust B                                 | -                       | 7,116,175               |
| T Rowe Price Retirement 2005 Trust B                                 | -                       | 3,392,886               |
| T Rowe Price Retirement 2060 Trust B                                 | -                       | 3,036,168               |
| T Rowe Price Retirement 2065 Trust B                                 | -                       | 1,292,213               |
| Total Target Date Funds  | 499,801,589             | 425,065,385             |
| Fixed Income Funds:  |                         |                         |
| State Street S&P 500 Index Non-Lending Series Fund Class K           | 441,940,048             | 365,031,160             |
| William Blair Large Cap Growth Collective Inv Fund-Class 5           | 183,614,490             | 136,025,951             |
| State Street S&P MidCap Index Non-Lending Series Fund Class M        | 125,292,084             | 114,935,311             |
| T Rowe Price Structured Research Common Trust Fund                   | 121,512,506             | 94,623,856              |
| TCW Core Fixed Income Fund - I Class                                 | 91,996,561              | 81,425,269              |
| American Funds-EuroPacific Growth Fund® -Class R6                    | 90,399,854              | 81,087,430              |
| State Street U.S. Bond Index Non-Lending Series Fund Class M         | 79,426,321              | 63,653,950              |
| State Street International Index Non-Lending Series Fund Class M     | 70,745,695              | 56,811,252              |
| State Street Russell Small Cap Index Non-Lending Series Fund Class K | 61,537,378              | 53,779,757              |
| Total Fixed Income Funds   | 1,266,464,937           | 1,047,373,936           |
| <b>Total Investments</b>   | <b>\$ 2,619,250,724</b> | <b>\$ 2,297,456,529</b> |

### 3. Investments (continued)

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

Investments held as of December 31, 2023 and 2022, were as follows:

|   | 2023          | 2022          |
|---|---------------|---------------|
| Fixed Investments - Investment Contract Pool                  | \$ 28,698,989 | \$ 28,737,532 |
| Equity Funds:   |               |               |
| Fidelity ® Puritan® Fund                                      | 17,550,963    | 15,282,744    |
| T Rowe Price Institutional Small Cap Stock Fund, Inc.         | 12,147,605    | 10,743,200    |
| Large Cap Value Fund Fee Class I1                             | 11,212,886    | -             |
| T Rowe Price Mid Cap Value Fund, Inc.- Retail Shrs            | 3,941,152     | 3,466,559     |
| Mid Cap Growth Fund II I1                                     | 2,021,355     | -             |
| Parnassus Core Equity Fund-Inst Shrs                          | 902,319       | 725,030       |
| Delaware Value Fund - Institutional Class                     | -             | 11,205,911    |
| Janus Henderson Enterprise Fund-N Shrs                        | -             | 1,810,412     |
| Suspense  | (14,194)      | -             |
| Total Equity Funds  | 47,762,086    | 43,233,856    |
| Target Date Funds:  |               |               |
| Wilmington Trust T. Rowe Price Retirement Date 2030 Trust I1  | 6,330,202     | -             |
| Wilmington Trust T. Rowe Price Retirement Date 2025 Trust I1  | 5,799,008     | -             |
| Wilmington Trust T. Rowe Price Retirement Date 2020 Trust I1  | 4,936,183     | -             |
| Wilmington Trust T. Rowe Price Retirement Date 2035 Trust I1  | 4,886,017     | -             |
| Wilmington Trust T. Rowe Price Retirement Date 2040 Trust I1  | 4,051,557     | -             |
| Wilmington Trust T. Rowe Price Retirement Date 2045 Trust I1  | 2,376,482     | -             |
| Wilmington Trust T. Rowe Price Retirement Date 2015 Trust I1  | 2,098,748     | -             |
| Wilmington Trust T. Rowe Price Retirement Date 2050 Trust I1  | 1,582,003     | -             |
| Wilmington Trust T. Rowe Price Retirement Date 2055 Trust I1  | 967,294       | -             |
| Wilmington Trust T. Rowe Price Retirement Date 2010 Trust I1  | 732,622       | -             |
| Wilmington Trust T. Rowe Price Retirement Date 2060 Trust I1  | 512,777       | -             |
| Wilmington Trust T. Rowe Price Retirement Date 2065 Trust I1  | 194,191       | -             |
| Wilmington Trust T. Rowe Price Retirement Date 2005 Trust I1  | 121,073       | -             |
| T Rowe Price Retirement 2025 Trust B                          | -             | 4,762,261     |
| T Rowe Price Retirement 2030 Trust B                          | -             | 4,712,330     |
| T Rowe Price Retirement 2020 Trust B                          | -             | 4,380,464     |
| T Rowe Price Retirement 2035 Trust B                          | -             | 3,324,748     |
| T Rowe Price Retirement 2040 Trust B                          | -             | 2,575,199     |
| T Rowe Price Retirement 2015 Trust B                          | -             | 1,985,466     |
| T Rowe Price Retirement 2045 Trust B                          | -             | 1,160,508     |
| T Rowe Price Retirement 2010 Trust B                          | -             | 668,693       |
| T Rowe Price Retirement 2050 Trust B                          | -             | 525,015       |
| T Rowe Price Retirement 2005 Trust B                          | -             | 99,846        |
| T Rowe Price Retirement 2055 Trust B                          | -             | 82,852        |
| T Rowe Price Retirement 2060 Trust B                          | -             | 53,494        |
| T Rowe Price Retirement 2065 Trust B                          | -             | 15,271        |
| Total Target Date Funds                                       | 34,588,157    | 24,346,147    |
| Fixed Income Funds:   |               |               |
| State Street S&P 500 Index Non-Lending Series Fund Class K    | 60,278,612    | 50,083,531    |
| William Blair Large Cap Growth Collective Inv Fund-Class 5    | 17,567,728    | 13,149,979    |
| State Street S&P MidCap Index Non-Lending Series Fund Class M | 14,773,279    | 13,368,129    |
| T Rowe Price Structured Research Common Trust Fund            | 14,608,131    | 11,629,291    |
| American Funds-EuroPacific Growth Fund® -Class R6             | 6,522,734     | 5,747,004     |

**3. Investments (continued)****Part 3: 401(a) Plan (Continued)**

|  | <b>2023</b>                      | <b>2022</b>                      |
|--|----------------------------------|----------------------------------|
| TCW Core Fixed Income Fund - I Class                                 | 5,965,726                        | 5,136,248                        |
| State Street Russell Small Cap Index Non-Lending Series Fund Class K | 4,512,478                        | 3,935,906                        |
| State Street U.S. Bond Index Non-Lending Series Fund Class M         | 3,823,692                        | 3,006,055                        |
| State Street International Index Non-Lending Series Fund Class M     | 3,816,702                        | 3,191,657                        |
| Total Fixed Income Funds   | <u>131,869,082</u>               | <u>109,247,800</u>               |
| <br><b>Total Investments</b>   | <br><b><u>\$ 242,918,314</u></b> | <br><b><u>\$ 205,565,335</u></b> |



### 3. Investments (continued)

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

Investments held as of December 31, 2023 and 2022, were as follows:

|   | 2023                  | 2022                  |
|---|-----------------------|-----------------------|
| Equity Funds:   |                       |                       |
| Fidelity ® 500 Index Fund                                 | \$ 25,476,096         | \$ 21,427,460         |
| Fidelity ® Puritan® Fund                                  | 11,708,085            | 10,397,082            |
| Vanguard ® Mid Cap Index Fund-Inst Plus Shrs              | 9,039,620             | 8,327,084             |
| Putnam Large Cap Value Fund - Class Y                     | 7,758,936             | -                     |
| T Rowe Price Institutional Small Cap Stock Fund, Inc.     | 4,135,301             | 3,889,624             |
| Vanguard ® Small Cap Index Fund-Inst Shrs                 | 4,103,308             | 3,398,839             |
| Janus Henderson Enterprise Fund-N Shrs                    | 3,315,161             | 2,105,715             |
| T Rowe Price Mid Cap Value Fund, Inc.- Retail Shrs        | 2,965,758             | 3,684,964             |
| Vanguard ® Total International Stock Index Fund-Inst Shrs | 2,543,547             | 1,998,681             |
| Parnassus Core Equity Fund-Inst Shrs                      | 750,183               | 700,814               |
| Delaware Value Fund - Institutional Class                 | -                     | 8,420,299             |
| Total Equity Funds  | 71,795,995            | 64,350,562            |
| Target Date Funds:  |                       |                       |
| T Rowe Price Retirement I 2020 - I Class                  | 2,859,915             | 2,574,342             |
| T Rowe Price Retirement I 2025 - I Class                  | 2,488,681             | 2,732,556             |
| T Rowe Price Retirement I 2030 - I Class                  | 2,443,969             | 2,259,468             |
| T Rowe Price Retirement I 2015 - I Class                  | 1,349,909             | 1,250,844             |
| T Rowe Price Retirement I 2040 - I Class                  | 1,157,449             | 677,574               |
| T Rowe Price Retirement I 2035 - I Class                  | 1,091,342             | 810,793               |
| T Rowe Price Retirement I 2045 - I Class                  | 992,869               | 724,046               |
| T Rowe Price Retirement I 2010 - I Class                  | 824,570               | 771,852               |
| T Rowe Price Retirement I 2050 - I Class                  | 561,512               | 601,891               |
| T Rowe Price Retirement I 2005 - I Class                  | 204,025               | 193,505               |
| T Rowe Price Retirement I 2060 - I Class                  | 174,034               | 98,423                |
| T Rowe Price Retirement I 2055 - I Class                  | 131,296               | 63,040                |
| T Rowe Price Retirement I 2065 - I Class                  | 30,490                | 1,843                 |
| Total Target Date Funds                                   | 14,310,061            | 12,760,177            |
| Fixed Income Funds:                                       |                       |                       |
| William Blair Large Cap Growth Fund - Class R6            | 7,699,315             | 5,888,048             |
| Vanguard ® Federal Money Market Fund-Investor Class       | 5,777,853             | 5,761,174             |
| T Rowe Price U.S. Equity Research Fund - I Class          | 5,777,462             | 4,868,787             |
| American Funds-EuroPacific Growth Fund® -Class R6         | 3,475,119             | 3,279,161             |
| Vanguard ® Total Bond Market Index Fund-Inst Shrs         | 3,450,272             | 3,088,968             |
| TCW Core Fixed Income Fund - I Class                      | 2,916,026             | 2,815,993             |
| Great West Life Assurance Company                         | 2,360,123             | 2,796,993             |
| Total Fixed Income Funds                                  | 31,456,170            | 28,499,124            |
| <b>Total Investments</b>                                  | <b>\$ 117,562,226</b> | <b>\$ 105,609,863</b> |

### 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, 2023 and 2022, were as follows:

|  | 2023           | 2022           |
|--|----------------|----------------|
| Fixed Investments - Investment Contract Pool                 | \$ 797,848,959 | \$ 832,125,391 |
| Equity Funds:  |                |                |
| Fidelity ® Puritan® Fund                                     | \$ 334,300,219 | \$ 290,130,029 |
| T Rowe Price Institutional Small Cap Stock Fund, Inc.        | 200,366,177    | 178,398,705    |
| Large Cap Value Fund Fee Class I1                            | 200,127,594    | -              |
| T Rowe Price Mid Cap Value Fund, Inc.- Retail Shrs           | 117,733,508    | 105,855,871    |
| Mid Cap Growth Fund II I1                                    | 78,471,432     | -              |
| Parnassus Core Equity Fund-Inst Shrs                         | 57,979,995     | 47,021,138     |
| Fidelity ® 500 Index Fund                                    | 25,476,096     | 21,427,461     |
| Vanguard ® Mid Cap Index Fund-Inst Plus Shrs                 | 9,039,620      | 8,327,084      |
| Putnam Large Cap Value Fund - Class Y                        | 7,758,936      | -              |
| Vanguard ® Small Cap Index Fund-Inst Shrs                    | 4,103,308      | 3,398,839      |
| Janus Henderson Enterprise Fund-N Shrs                       | 3,315,161      | 76,169,995     |
| Vanguard ® Total International Stock Index Fund-Inst Shrs    | 2,543,547      | 1,998,681      |
| Delaware Value Fund - Institutional Class                    | -              | 206,085,896    |
| Suspense   | (140,405)      | (303,319)      |
| Total Equity Funds   | 1,041,075,188  | 938,510,380    |
| Target Date Funds:   |                |                |
| Wilmington Trust T. Rowe Price Retirement Date 2030 Trust I1 | 174,834,185    | -              |
| Wilmington Trust T. Rowe Price Retirement Date 2025 Trust I1 | 162,873,200    | -              |
| Wilmington Trust T. Rowe Price Retirement Date 2020 Trust I1 | 127,044,459    | -              |
| Wilmington Trust T. Rowe Price Retirement Date 2035 Trust I1 | 126,456,794    | -              |
| Wilmington Trust T. Rowe Price Retirement Date 2040 Trust I1 | 108,553,380    | -              |
| Wilmington Trust T. Rowe Price Retirement Date 2045 Trust I1 | 76,340,667     | -              |
| Wilmington Trust T. Rowe Price Retirement Date 2050 Trust I1 | 63,896,351     | -              |
| Wilmington Trust T. Rowe Price Retirement Date 2015 Trust I1 | 63,276,704     | -              |
| Wilmington Trust T. Rowe Price Retirement Date 2055 Trust I1 | 43,133,056     | -              |
| Wilmington Trust T. Rowe Price Retirement Date 2010 Trust I1 | 25,376,165     | -              |
| Wilmington Trust T. Rowe Price Retirement Date 2060 Trust I1 | 14,331,504     | -              |
| Wilmington Trust T. Rowe Price Retirement Date 2005 Trust I1 | 7,470,286      | -              |
| Wilmington Trust T. Rowe Price Retirement Date 2065 Trust I1 | 4,771,171      | -              |
| T Rowe Price Retirement I 2020 - I Class                     | 2,859,915      | 2,574,342      |
| T Rowe Price Retirement I 2025 - I Class                     | 2,488,681      | 2,732,555      |
| T Rowe Price Retirement I 2030 - I Class                     | 2,443,969      | 2,259,468      |
| T Rowe Price Retirement I 2015 - I Class                     | 1,349,909      | 1,250,843      |
| T Rowe Price Retirement I 2040 - I Class                     | 1,157,449      | 677,573        |
| T Rowe Price Retirement I 2035 - I Class                     | 1,091,342      | 810,792        |
| T Rowe Price Retirement I 2045 - I Class                     | 992,869        | 724,045        |
| T Rowe Price Retirement I 2010 - I Class                     | 824,570        | 771,851        |
| T Rowe Price Retirement I 2050 - I Class                     | 561,512        | 601,891        |
| T Rowe Price Retirement I 2005 - I Class                     | 204,025        | 193,505        |
| T Rowe Price Retirement I 2060 - I Class                     | 174,034        | 98,423         |
| T Rowe Price Retirement I 2055 - I Class                     | 131,296        | 63,040         |
| T Rowe Price Retirement I 2065 - I Class                     | 30,490         | 1,843          |
| T Rowe Price Retirement 2030 Trust B                         | -              | 144,490,345    |
| T Rowe Price Retirement 2025 Trust B                         | -              | 143,199,167    |
| T Rowe Price Retirement 2020 Trust B                         | -              | 121,765,935    |
| T Rowe Price Retirement 2035 Trust B                         | -              | 100,413,548    |
| T Rowe Price Retirement 2040 Trust B                         | -              | 83,609,128     |
| T Rowe Price Retirement 2015 Trust B                         | -              | 58,604,794     |
| T Rowe Price Retirement 2045 Trust B                         | -              | 56,824,038     |
| T Rowe Price Retirement 2050 Trust B                         | -              | 47,800,664     |
| T Rowe Price Retirement 2055 Trust B                         | -              | 29,936,168     |
| T Rowe Price Retirement 2010 Trust B                         | -              | 24,589,242     |
| T Rowe Price Retirement 2060 Trust B                         | -              | 9,550,918      |
| T Rowe Price Retirement 2005 Trust B                         | -              | 7,172,556      |
| T Rowe Price Retirement 2065 Trust B                         | -              | 1,489,644      |
| Total Target Date Funds                                      | 1,012,667,983  | 842,206,318    |

### 3. Investments (continued)

#### Part 5: MSRP – All Plans Summary (Continued)

|  | 2023                    | 2022                    |
|--|-------------------------|-------------------------|
| Fixed Income Funds:  |                         |                         |
| State Street S&P 500 Index Non-Lending Series Fund Class K           | 809,409,679             | 665,732,201             |
| William Blair Large Cap Growth Collective Inv Fund-Class 5           | 339,097,630             | 249,498,769             |
| State Street S&P MidCap Index Non-Lending Series Fund Class M        | 238,681,718             | 218,075,181             |
| T Rowe Price Structured Research Common Trust Fund                   | 237,916,509             | 184,296,145             |
| American Funds-EuroPacific Growth Fund® -Class R6                    | 172,688,689             | 152,688,234             |
| TCW Core Fixed Income Fund - I Class                                 | 169,394,610             | 148,563,289             |
| State Street U.S. Bond Index Non-Lending Series Fund Class M         | 144,898,379             | 116,723,514             |
| State Street International Index Non-Lending Series Fund Class M     | 143,735,583             | 115,933,611             |
| State Street Russell Small Cap Index Non-Lending Series Fund Class K | 110,422,200             | 96,650,743              |
| William Blair Large Cap Growth Fund - Class R6                       | 7,699,315               | 5,888,048               |
| Vanguard ® Federal Money Market Fund-Investor Class                  | 5,777,853               | 5,761,174               |
| T Rowe Price U.S. Equity Research Fund - I Class                     | 5,777,462               | 4,868,787               |
| Vanguard ® Total Bond Market Index Fund-Inst Shrs                    | 3,450,272               | 3,088,966               |
| Great West Life Assurance Company                                    | 2,360,123               | 2,796,993               |
| Total Fixed Income Funds   | 2,391,310,022           | 1,970,565,655           |
| Nationwide Fixed Annuities   | 41,648,252              | 44,918,857              |
| Nationwide Life annuity payout reserves                              | 4,341,853               | 4,779,312               |
| Metropolitan Life annuity payout reserves                            | 2,260,856               | 2,563,579               |
| <b>Total Annuities</b>   | <b>48,250,961</b>       | <b>52,261,748</b>       |
| <b>Total Investments</b>   | <b>\$ 5,291,153,113</b> | <b>\$ 4,635,669,492</b> |

### 3. Investments (continued)

#### 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 2.87% as of December 31, 2023, and ranged from 2.30% to 2.87% during the year ended December 31, 2023. The blended gross interest rate was 2.30% as of December 31, 2022, and ranged from 2.30% to 2.36% during the year ended December 31, 2022. The contract value as of December 31, 2023 and 2022, was \$797,848,959 and \$832,125,391, respectively. The fair market value as of December 31, 2023 and 2022, was \$797,848,959 and \$832,125,391 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, 2023 and 2022.

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 2023 and 2022. 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, 2023 and 2022, were as follows:

### 3. Investments (continued)

|   | December 31, 2023 |                           |
|---|-------------------|---------------------------|
|   | Valuation         | Weighted Average Maturity |
| Investment Contract Pool                            | \$ 797,848,959    | 3.02 years                |
| TCW Core Fixed Income Fund - I Class                | \$ 169,394,610    | 7.55 years                |
| Vanguard Federal Money Market Fund - Investor Class | \$ 5,777,853      | 0.07 years                |
| Great-West Fixed Investment Fund                    | \$ 2,360,123      | 6.19 years                |
| December 31, 2022                                   |                   |                           |
|   |                   |                           |
|   | Valuation         | Weighted Average Maturity |
| Investment Contract Pool                            | \$ 832,125,391    | 3.01 years                |
| TCW Core Fixed Income Fund - I Class                | \$ 148,563,289    | 6.15 years                |
| Vanguard Federal Money Market Fund - Investor Class | \$ 5,761,174      | 0.18 years                |
| Great-West Fixed Investment Fund                    | \$ 2,796,993      | 6.21 years                |

Note: The ICP is only available in the 457, 401(k) and 401(a) Match Plans. The Great-West Fixed Investment Fund (closed to new participants) 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.

**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 and concentration risk. Therefore, funds made available to participants are subject to the limitations contained within the MSRP Investment Policy Statement.

Although the credit ratings for the securities held in the ICP are provided by Moody's Standard & Poor's and Fitch and converted to the Standard & Poor's nomenclature, the ICP itself is not rated by any of those agencies. 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 have the following recurring fair value measurements as of December 31, 2023 and 2022:

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, 2023 and 2022, 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.

|  | Total                   | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|--|-------------------------|--|--|--|
| <b>As of December 31, 2023</b>                           |                         |  |  |  |
| <b>Investments by fair value level</b>                   |                         |  |  |  |
| <b>Bond and Equity Securities</b>                        |                         |  |  |  |
| Balanced   | \$ 334,300,220          | \$ 334,300,220   | \$ -   | \$ -   |
| Small-Cap Stocks   | 204,469,484             | 204,469,484  | -  | -  |
| International Stocks                                     | 175,232,237             | 175,232,237  | -  | -  |
| Bonds  | 172,844,882             | 172,844,882  | -  | -  |
| Mid-Cap Stocks   | 130,088,288             | 130,088,288  | -  | -  |
| Large-Cap Stocks   | 96,932,868              | 96,932,868   | -  | -  |
| Target Date Retirement Funds                             | 14,310,061              | 14,310,061   | -  | -  |
| <b>Total Investments by fair value level</b>             | <b>\$ 1,128,178,041</b> | <b>\$ 1,128,178,041</b>  | <b>\$ -</b>  | <b>\$ -</b>  |
| <b>Investments measured at the net asset value (NAV)</b> |                         |  |  |  |
| Equities   | \$ 2,165,621,280        |  |  |  |
| Collective Investment Trusts                             | 998,357,922             |  |  |  |
| Investment Contract Pool (ICP)*                          | 797,848,959             |  |  |  |
| Bonds  | 144,898,379             |  |  |  |
| Annuities*   | 48,250,961              |  |  |  |
| Money Markets  | 5,777,853               |  |  |  |
| Contracts (Certificate investments)*                     | 2,360,123               |  |  |  |
| Suspense   | (140,404)               |  |  |  |
| <b>Total Investments measured at the net asset value</b> | <b>\$ 4,162,975,072</b> |  |  |  |

\*Reported at contract value consistent with Footnote 2D

#### 4. Investment Fair Value Measurements (continued)

|  | Total                   | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|--|-------------------------|--|--|--|
| <b>As of December 31, 2022</b>                           |                         |  |  |  |
| <b>Investments by fair value level</b>                   |                         |  |  |  |
| <b>Bond and Equity Securities</b>                        |                         |  |  |  |
| Balanced   | \$ 474,426,175          | \$ 474,426,175   | \$ -   | \$ -   |
| Large-Cap Stocks   | 285,291,327             | 285,291,327  | -  | -  |
| Mid-Cap Stocks   | 190,352,951             | 190,352,951  | -  | -  |
| Small-Cap Stocks   | 181,797,544             | 181,797,544  | -  | -  |
| International Stocks                                     | 154,686,915             | 154,686,915  | -  | -  |
| Bonds  | 151,652,256             | 151,652,256  | -  | -  |
| Target Date Retirement Funds                             | 12,760,177              | 12,760,177   | -  | -  |
| <b>Total Investments by fair value level</b>             | <b>\$ 1,450,967,345</b> | <b>\$ 1,450,967,345</b>  | <b>\$ -</b>  | <b>\$ -</b>  |
| <b>Investments measured at the net asset value (NAV)</b> |                         |  |  |  |
| Equities   | \$ 1,345,890,505        |  |  |  |
| Investment Contract Pool (ICP)*                          | 832,125,392             |  |  |  |
| Collective Investment Trusts                             | 829,446,141             |  |  |  |
| Bonds  | 116,723,514             |  |  |  |
| Annuities  | 52,261,747              |  |  |  |
| Money Markets  | 5,761,174               |  |  |  |
| Contracts (Certificate investments)                      | 2,796,993               |  |  |  |
| Suspense   | (303,319)               |  |  |  |
| <b>Total Investments measured at the net asset value</b> | <b>\$ 3,184,702,147</b> |  |  |  |

\*Reported at contract value consistent with Footnote 2D

#### Fair Value Determination and Strategy

- Collective Investment Trusts** – Eighteen funds comprise the investments within this category. These funds are combined and managed in partnership with other trusts and retirement plans that provide fee cost savings. This category aims to facilitate a lower-cost option for participants with measurable tracking to oversee performance. The value of the fund is determined using the NAV per share.
- Bonds** – The category invests primarily in fixed-income obligations of the U. S. Government, corporate securities, mortgages, and asset-backed securities. The objective is to limit exposure to high-yielding non-US securities.
- Equities** – Investments in this category include large, medium, and small capitalized US organizations with above-average growth potential. The funds within this category track their applicable index, and value is determined using the NAV per share of the investment.
- Money Markets** – Vanguard Federal Money Market Fund's investment objective is to seek to provide current income while maintaining liquidity and a stable share price of \$1. The fund invests at least 99.5% of its total assets in cash, U.S. government securities, and/or repurchase agreements that are collateralized solely by U.S. government securities or cash (collectively, government securities). As such it is considered one of the most conservative investment options offered by Vanguard. Although the fund invests in short-term U.S. government securities, the amount of income that a shareholder may receive will be largely dependent on the current interest rate environment. Investors who have a short-term savings goal and are interested in a fund that invests in securities issued by the U.S. government or its agencies may wish to consider this option.



## 5. Roth:

### Maryland Teachers and State Employees Supplemental Retirement Plans

Year ended December 31, 2023 Roth disclosures, by plan type

The 457(b) Deferred Compensation and 401(k) Savings & Investment Plans offer participants the opportunity to make post-tax contributions. During 2023 and 2022, Roth account contributions increased by \$1.3 million or 25% and the number of participants increased by 851 or a 9%.

|                | 457           | 401k          | Total          |
|----------------|---------------|---------------|----------------|
| Assets         | \$ 80,242,019 | \$ 76,516,123 | \$ 156,758,142 |
| Contributions  | 3,424,076     | 3,178,046     | 6,602,122      |
| Distributions  | (539,242)     | (604,582)     | (1,143,824)    |
| # Participants | 5,346         | 5,378         | 10,724         |

### Maryland Teachers and State Employees Supplemental Retirement Plans

Year ended December 31 2022, Roth disclosures, by plan type

|                | 457           | 401k          | Total          |
|----------------|---------------|---------------|----------------|
| Assets         | \$ 57,643,627 | \$ 57,063,320 | \$ 114,706,947 |
| Contributions  | 2,730,121     | 2,550,600     | 5,280,721      |
| Distributions  | (482,033)     | (1,258,925)   | (1,740,958)    |
| # Participants | 4,555         | 4,318         | 8,873          |

## 6. Life Insurance:

Participants in the 457 Deferred Compensation Plan contributed \$1,430 towards premiums for life insurance contracts offered by UNUM Life during the years ended December 31, 2023 and 2022, respectively. The amount of life insurance in force under these contracts was \$5,261,961 and \$5,318,866 at December 31, 2023 and 2022, respectively.

Unum Life paid \$58,298 and \$57,704 in claims during the years ended December 31, 2023 and 2022 for death benefits from life insurance contracts in force. The payment of death benefits is 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. Contract with Plan Administrator and Related Party Relationship:

The Board has entered into a contract with Nationwide Retirement Solutions, Inc. (NRS) for plan administration and recordkeeping services. 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/NRS

NRS also provides 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 NRS, pursuant to which NRS provides plan administration and recordkeeping services to MSRP, became effective October 1, 2020. Under the contract, NRS provides plan administration and recordkeeping services, such as account statements, financial statement monitoring, participant relations, and general management. NRS charged fees at an annual rate of 0.09% from January 1, 2020 until September 30, 2020, the date on which the prior contract between the Board and NRS terminated and the current contract became effective. Under the current contract, NRS 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.

An additional charge of 0.0325%, down from 0.0425% starting with March 31, 2022 asset fee and continuing through November 30, 2023, is imposed by the Board for its expenses (i.e. staff, auditors, consultants, and other administrative expenses). Effective December 1, 2023, the Board approved reverting the fees back to 0.0425%, based on the level of the Board's required reserve funds. The Board fee is collected directly from participants' accounts on a monthly basis.

During 2023 and 2022, an additional fee of \$0.50 per month was charged for each account with a balance greater than \$500 in the 457, 401(k), and 403(b) Plans. The fee was used to stabilize the revenue for Board operations. The annual cap on participant charges remained at a maximum of \$2,000 for 2023 and 2022.

Participants choosing to exercise loan options are assessed 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 continued annual loan maintenance fee until all repayments are received.

## 9. Tax Status:

The United States Treasury Department advised on January 17, 1975, that the 457 Deferred Compensation Plan conforms with provisions of Section 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 similarly advised on August 18, 1978 that the 403(b) Tax Sheltered Annuity Plan conforms with the provisions of Section 403(b) and reaffirmed this on August 23, 1982. The Treasury Department additionally similarly advised on December 19, 1988 that the 401(k) Savings and Investment Plan conforms with the provisions of Section 401(k).

The Department of Health, Education and Welfare advised on September 26, 1974, that amounts deferred/contributed 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/contributed. 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:

Because of the Maryland statutory requirements, certain members of the Board are participants in one or more Plans in MSRP.





# Supplemental Information

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Annual Comprehensive Financial Report 2023

**Schedule of Administrative Expenses**  
**For the Years Ended December 31, 2023 and 2022**

|  | <b>2023</b>          | <b>2022</b>         |
|--|----------------------|---------------------|
| Plan Administrator   |                      |                     |
| Fees taken from participants                                       | \$ 8,302,798         | \$ 7,762,224        |
| MSRP - Plan Sponsor State Personnel, etc.                          |                      |                     |
| Salaries, wages and fringe benefits                                | 1,364,929            | 1,335,270           |
| Contractual services   | 559,130              | 461,097             |
| Rent, Insurance, and other   | 25,287               | 320,491             |
| Supplies and materials   | 32,590               | 40,506              |
| Travel   | 17,546               | 7,438               |
| Equipment and furnishings  | 6,191                | 16,176              |
| Technical and special fees   | 1,290                | 2,500               |
| Communications   | 15,084               | 11,099              |
| <b>MSRP Plan Sponsor Expenses</b>                                  | <b>2,022,047</b>     | <b>2,194,577</b>    |
| <b>Total Administrative Expenses (Fees and Plan Administrator)</b> | <b>\$ 10,324,845</b> | <b>\$ 9,956,801</b> |

\*See Note 8 for more information.





# **Investment Section**

## **(Unaudited)**

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Annual Comprehensive Financial Report 2023

# **PLAN SUMMARY REPORT** For period ended December 31, 2023 Prepared by NFP and FIRM

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.

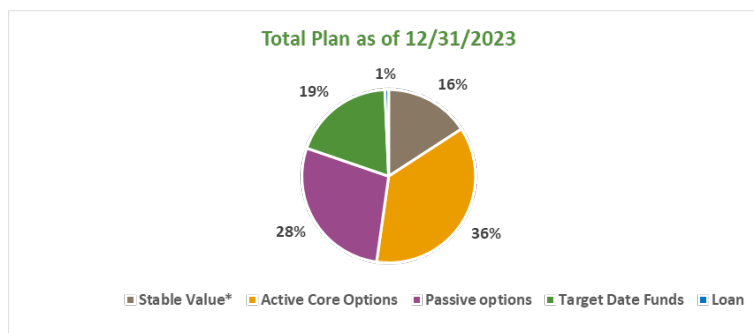
Assets of the Plans totaled \$5.34 billion as of December 31, 2023. This reflected an increase of approximately \$656.0 million from the prior calendar year-end. During 2023 the Plans received \$222.3 million in total contributions including deferrals and transfer-ins and paid \$316.6 million in distributions including transfer-outs to participants, which accounted for a \$94.3 million decrease in Plans assets.

In terms of the overall asset allocation, the assets were invested as follows: 52.5% in equities, 6.3% in balanced, 16.0% in cash equivalents\*, 6.0% in fixed income, and 19.2% in target date. The graph below shows the asset allocation for the year end 2023 and 2022.



\*Cash equivalents represent the Investment Contract Pool (ICP), GW Daily Interest Guarantee, GW 36 Month CD, GW 60 Month CD, and GW 84 Month CD.

The plan consisted of 36% in active core options and 28% in passive options, along with 19% in target dates, 16% in stable value, and 1% in loans.



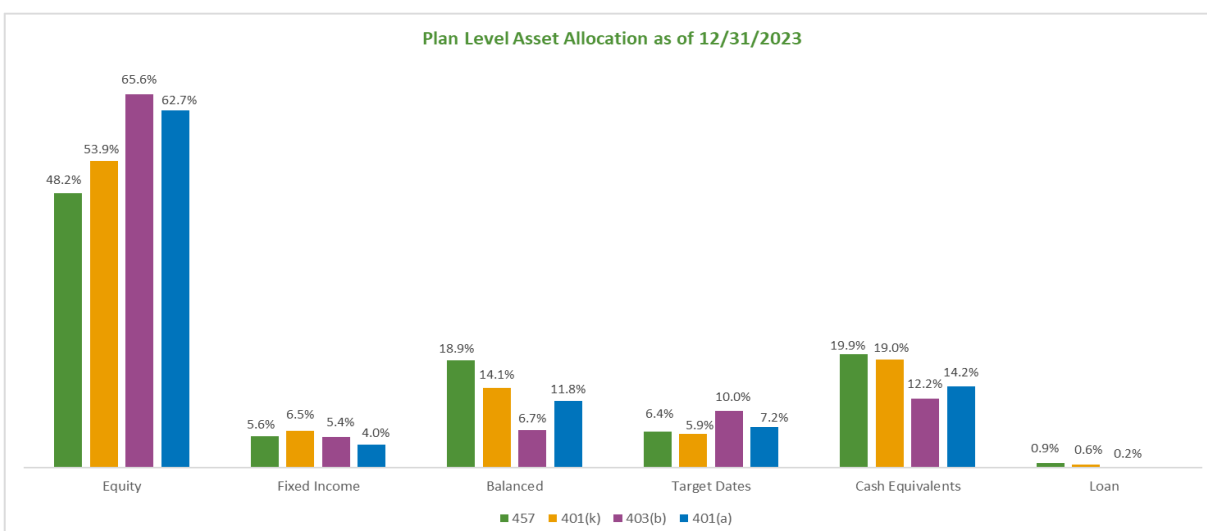
\*Stable Value represents Investment Contract Pool (ICP), GW Daily Interest Guarantee, GW 36 Month CD, GW 60 Month CD, and GW 84 Month CD, Nationwide Fixed Acct.



The largest investment option was the T. Rowe Price Investment Contract Pool, which comprised 16% of Plans assets.

| Top 5 Holdings                               | % of Total |
|--|------------|
| Investment Contract Pool                     | 16%        |
| State Street S&P 500 Index Non-Lending K     | 15%        |
| William Blair Large Cap Growth CIF 5         | 6%         |
| Fidelity Puritan                             | 6%         |
| State Street S&P Mid Cap Index Non-Lending M | 4%         |
| Subtotal                                     | 47%        |

## Plan Level Asset Allocation



- The 401(k) Plan comprised the largest portion of the Plans at 49.5%, with \$2.64 billion in assets as of December 31, 2023. The largest investment option is State Street S&P 500 Index Non-Lending Series with 16.8% of participant assets. The second largest option is the Investment Contract Pool with 14.1% of participant assets.
- The assets of the 457 Plan were valued at \$2.33 billion as of December 31, 2023, comprising 43.7% of the total plan. The largest investment option was the Investment Contract Pool with 18.9% of participant assets, followed by State Street S&P 500 Index Non-Lending Series with 13.2% of participant assets.
- As of December 31, 2023, the 401(a) Plan was valued at \$243.1 million, which accounted for 4.6% of the Plans' assets. The largest investment option was the State Street S&P 500 Index Non-Lending Series with 24.8% of participant assets, with the Investment Contract Pool coming in second, holding 11.8% of participant assets.
- The 403(b) Plan comprised the smallest portion of the overall Plans, with \$117.9 million in assets, which accounted for 2.2% of the Plans' assets. The largest investment option in the

403(b) Plan, by participant assets, was the Fidelity 500 Index Fund at 21.7%, followed by Fidelity Puritan Fund with 10.0% of participant assets.

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## **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.

The Board of Trustees work together with staff and outside advisors to update the menu of plan participant investment options, considering evolving market trends, best practices, investment constraints on specific plans due to laws and regulations, and opportunities for efficiencies in generating net returns to participants. The Plans' investment policy statement was most recently approved on January 22, 2024. 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 participants in the Plans;
- 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 strategies/funds;
- To define the selection criteria for the Plans' investment options;
- To define the procedures for investment strategy/fund evaluation and formal strategy/fund 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 may, but are not limited to offering the following investment categories:

- Cash Equivalent
- Bond
- Balanced
- Lifecycle/Target Date
- Domestic Large Cap
- Domestic Mid Cap
- Domestic Small Cap
- Non-U.S. Equity

Within each category of investment, between one and five investment options may be offered. For some 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 and best interests of the Plans’ participants, it may remove and/or 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 current core line-up.

## INVESTMENT OPTION ANALYSIS

### Asset Allocation

- T. Rowe Price Retirement Funds:** The T. Rowe Price Retirement Funds are the Plans' target date options. Target date funds consist of mixed portfolios of equities and debt/fixed income securities. As target date funds automatically "rebalance" accounts to equity/debt mixes considered best suited to a participant's age, the share of total plans' assets in target date funds has steadily grown over the past 11 years. The T. Rowe Price Retirement Trust Class B was replaced with Great Gray T. Rowe Price Retirement Date Trust Series in May 2023 due to lower expense ratio across all vintages. These funds are 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 Great Gray T. Rowe Price target date funds were valued at \$998.4 million as of December 31, 2023. Participants' assets invested in the T. Rowe Price Retirement Funds (403(b) only) were valued at \$14.3 million as of December 31, 2023. 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 2023, the most conservative fund (GG T. Rowe Price Retirement Date 2005 Trust I1) had a 11.99% return, while the most aggressive fund (GG T. Rowe Price Retirement Date 2065 Trust I1), designed for participants approximately 40+ years from retirement, returned 21.27%. On an annualized 1-year basis, the funds designed for participants that are in or close to retirement with earlier vintages (GG T. Rowe Price Retirement Date 2005 to 2020) produced returns ranging from approximately +11.99% to approximately +13.67%, whereas the fund designed for those younger participants (T. Rowe Price Retirement 2050 to 2065) earned approximately +21.20%. The following table illustrates the broad asset allocation of each of the specific lifecycle funds the period ending December 31, 2023.

### Great Gray T. Rowe Price Retirement Date Trust Series Asset Allocation Breakdown As of December 31, 2023

| Vintage  | Domestic Equity | International Equity | Hedged Equity | Real Assets | Fixed Income | Cash |
|--|-----------------|----------------------|---------------|-------------|--------------|------|
| GG T. Rowe Price Retirement Date 2005 Trust I1 | 25.3%           | 10.7%                | 4.3%          | 2.7%        | 54.9%        | 2.1% |
| GG T. Rowe Price Retirement Date 2010 Trust I1 | 27.5%           | 11.7%                | 4.7%          | 2.9%        | 51.2%        | 2.1% |
| GG T. Rowe Price Retirement Date 2015 Trust I1 | 29.1%           | 12.5%                | 5.0%          | 3.1%        | 48.2%        | 2.1% |
| GG T. Rowe Price Retirement Date 2020 Trust I1 | 31.0%           | 13.3%                | 5.3%          | 3.3%        | 44.9%        | 2.1% |
| GG T. Rowe Price Retirement Date 2025 Trust I1 | 35.1%           | 15.1%                | 4.9%          | 3.7%        | 38.9%        | 2.3% |
| GG T. Rowe Price Retirement Date 2030 Trust I1 | 43.7%           | 18.7%                | 2.4%          | 4.4%        | 28.1%        | 2.7% |
| GG T. Rowe Price Retirement Date 2035 Trust I1 | 53.3%           | 22.1%                | 0.0%          | 5.1%        | 17.2%        | 2.3% |
| GG T. Rowe Price Retirement Date 2040 Trust I1 | 59.5%           | 24.6%                | 0.0%          | 5.6%        | 8.2%         | 2.0% |
| GG T. Rowe Price Retirement Date 2045 Trust I1 | 63.7%           | 26.3%                | 0.0%          | 6.0%        | 2.6%         | 1.5% |
| GG T. Rowe Price Retirement Date 2050 Trust I1 | 64.7%           | 26.7%                | 0.0%          | 6.1%        | 1.1%         | 1.4% |
| GG T. Rowe Price Retirement Date 2055 Trust I1 | 65.3%           | 26.8%                | 0.0%          | 6.1%        | 1.0%         | 0.8% |
| GG T. Rowe Price Retirement Date 2060 Trust I1 | 65.2%           | 26.8%                | 0.0%          | 6.1%        | 0.9%         | 0.9% |

|  |       |       |      |      |      |      |
|--|-------|-------|------|------|------|------|
| GG T. Rowe Price Retirement Date 2065 Trust I1 | 65.0% | 26.9% | 0.0% | 6.1% | 1.0% | 1.0% |
|--|-------|-------|------|------|------|------|

- **Fidelity Puritan Fund:** As of December 31, 2023, \$334.3 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. Over the 3-, 5- and 10- year periods, the fund outperformed the index and was ranked above the median in its peer group.

## Equities

- **Putnam Large Cap Value Fund:** This actively managed large cap value fund replaced the Delaware Value Institutional Fund in 2023. The commingled fund, Large Cap Value I1 (included in the 457, 401(a) and 401(k) plans), outperformed the Russell 1000 Value Index for the quarter and 1-year period. The mutual fund (Class Y-share class) (included in 403(b) plan only) underperformed marginally for the quarter and outperformed for the 2023 calendar year. As of December 31, 2023, participant assets invested in this investment option were valued at \$200.1 million (commingled fund; included in the 457, 401(a) and 401(k) plans) and \$7.8 million (R6-share class; included in 403(b) plan only).
- **T. Rowe Price U.S. Equity Research:** For the calendar year 2023, both the actively managed large cap blend commingled fund (included in the 457, 401(a) and 401(k) plans) and the mutual fund (Class I-share class) (included in 403(b) plan only) fund outperformed the S&P 500 Index and ranked above the median in its peer group for the 1-year period. Both share classes outperformed the Index for the trailing 3-, 5-, and 10-year periods. As of December 31, 2023, participant assets invested in the commingled fund and mutual fund were valued at \$237.9 million and \$5.8 million respectively.
- **Parnassus Equity Income Instl:** The large cap blend equity, socially responsible option, underperformed the S&P 500 Index during 2023. The fund outperformed the market index during the trailing 5-year period and was ranked above the median in its peer group but underperformed the market index for 3-, and 10-year periods. As of December 31, 2023, participants' assets invested in this fund were valued at \$58.0 million.
- **William Blair Large Cap Growth:** 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) outperformed the Russell 1000 Growth Index for the quarter but underperformed for the 1-year period. As of December 31, 2023, participant assets invested in this investment option were valued at \$339.1 million (commingled fund; included in the 457, 401(a) and 401(k) plans) and \$7.7 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 outperformed the Russell Mid Cap Value Index and ranked above the median of the mid cap value equity mutual fund universe for the quarter. For the trailing 1-, 3-, 5-, and 10-year periods the fund also outperformed the Index. As of December 31, 2023, participant assets invested in this fund were valued at \$117.7 million.
- **Janus Henderson Enterprise Fund:** The Mid Cap Growth II I1 (Janus Henderson Enterprise CIT) was introduced in May 2023 for the 457, 401(a) and 401(k) plans. Both the commingled fund (included in the 457, 401(a) and 401(k) plans) and the mutual fund (N-share class) (included in 403(b) plan only) underperformed the Russell Mid-Cap Growth Index in the fourth quarter of 2023. As of December 31, 2023, participant assets invested in this investment option were valued at \$78.5 million (commingled fund; included in the 457, 401(a) and 401(k) plans) and \$3.3 million (N-share class; included in 403(b) plan only).

- **T. Rowe Price Small Cap Stock:** The Plans' actively managed small cap blend equity fund outperformed the Russell 2000 Index for the quarter and ranked above the median of its peer group during the trailing 1-year period. The fund outperformed the benchmark and ranked above the median of its peer group during the trailing 3-, 5- and 10- year periods. As of December 31, 2023, participant assets invested in this fund were valued at \$200.4 million.
- **American Funds EuroPacific Growth Fund:** During the quarter, the Plans' actively managed international equity fund outperformed the MSCI ACWI ex-US Index and also outperformed the index for the trailing 1-, 5- and 10-year periods. As of December 31, 2023, participant assets invested in the fund were valued at \$172.7 million.
- **Fidelity 500 Index:** This passively managed large cap blend fund is offered in the 403(b) plan only. The fund tracks the S&P 500 Index and produced results consistent with the index for the 1-, 3-, 5-, and 10-year periods. Participant investments in this fund were valued at \$25.5 million as of December 31, 2023.
- **State Street S&P 500 Index:** This passively managed large cap blend strategy is included in the 457, 401(a) and 401(k) plans. The strategy tracks the S&P 500 Index and performed in line with the index for the 1-, 3-, 5-, and 10-year periods. Participant investments in this strategy were valued at \$809.4 million as of December 31, 2023, making it the second largest option in the Plans in terms of assets.
- **Vanguard Mid Cap Index Institutional Plus:** This passively managed mid cap blend equity fund is offered in the only in the 403(b) plan and tracks the CRSP U.S. Mid Cap TR Index. The fund performed in line with its custom policy index for the 1-, 3-, 5-, and 10-year periods. Participant investments in this fund were valued at \$9.0 million as of December 31, 2023.
- **State Street S&P Mid Cap Index:** This passively managed mid cap blend equity strategy is included in the 457, 401(a) and 401(k) plans. The strategy tracks S&P MidCap 400 Index and performed in line with the index for the 1-, 3-, 5-, and 10-year periods. Participant investments in this strategy were valued at \$238.7 million as of December 31, 2023.
- **Vanguard Small Cap Index Institutional:** This passively managed small cap blend equity fund is offered in the 403(b) plan and tracks the CRSP U.S. Small Cap Index. The fund produced results consistent with its custom policy index for the 1-, 3-, 5-, and 10-year periods. Participant investments in this fund were valued at \$4.1 million as of December 31, 2023.
- **State Street Russell Small Cap Index:** This passively managed small cap blend equity strategy is included in the 457, 401(a) and 401(k) plans. The fund tracks the Russell 2000 Index. The fund performed in line with the index for the 1-, 3-, 5-, and 10-year periods. Participant investments in this strategy were valued at \$110.4 million as of December 31, 2023.
- **Vanguard Total International Stock Institutional:** This passively managed international blend fund is offered only in the 403(b) plan and tracks the FTSE Global ex USA ALL Cap Index. The fund underperformed marginally relative to its custom policy index for the 1-, 3-, 5-, and 10-year periods. Participant investments in this fund totaled \$2.5 million as of December 31, 2023.
- **State Street International Index:** This passively managed international developed blend strategy is included in the 457, 401(a) and 401(k) plans. The strategy tracks the MSCI EAFE index. The fund outperformed the index for the 1-, 3-, -5 and 10-year periods. Participant investments in this strategy totaled \$143.7 million as of December 31, 2023.



## Fixed Income

- **TCW Core Fixed Income Fund:** As of December 31, 2023, participant assets invested in this fund were valued at \$169.4. million. This total includes assets of participants from each of the four Plans. The fund outperformed the Barclays Capital Aggregate Bond Index for the 1-, and 5-year periods but underperformed for the 3-, and 10-year period.
- **Vanguard Total Bond Market Fund:** This passively managed core bond fund is offered in the 403(b) plan. It tracks the Bloomberg Aggregate Float Adjusted Index and produced results consistent with the index for the 1-, 3-, 5-, and 10-year periods. Participant investments in this fund were valued at \$3.5 million as of December 31, 2023.
- **State Street U.S. Bond Index:** This passively managed core bond strategy included in the 457, 401(a) and 401(k) plans. The bond fund tracks the Bloomberg Aggregate Bond Index and produced results consistent with the index for the 1-, 3-, 5-, and 10-year periods. The fund had \$144.9 million in participant investments as of December 31, 2023.

## Cash Equivalents

- **Investment Contract Pool (ICP):** As the largest option in terms of Plans' assets, this stable value option was valued at \$797.8 million as of December 31, 2023. This investment option is not available on the 403(b) Plan. Effective January 1, 2022, T. Rowe Price commenced managing the ICP. The 2023 calendar year return was 2.67%, as compared to Morningstar US CIT Stable Value Index which returned 2.85%.
- **Nationwide Fixed Annuity:** This option is only included in the investment line-up of the 457 Plan. Additionally, this option is frozen to new participants; however, legacy account holders can continue additional contributions. As of December 31, 2023, the value of the option was \$41.7 million.
- **GW Daily Interest Guarantee, GW 36 Month Certificate of Deposit (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, 2023, the largest fund by participant assets was the 84-month CD, which was valued at \$2.4 million. The 36-month CD, 60-month CD, and the Daily Interest Guarantee were valued at approximately \$0.24 million, \$0.21 million, and \$0.17 million, respectively.
- **Vanguard Federal Money Market:** Another option only offered in the 403(b) Plan, this option had approximately \$5.8 million in assets as of December 31, 2023. Over the 1-year period, the Fund earned 5.09%, underperforming the ICE BofA US 3-Month Treasury Bill Index by 5 basis points.


**MSRP**

## Investment Performance Information - October 1, 2023 to December 31, 2023

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: [WWW.MARYLANDDC.COM](http://WWW.MARYLANDDC.COM). Please consider the fund's investment objectives, risks, and charges and expenses carefully before investing. Both the underlying fund prospectuses and informational brochure contain this and other information about the investment company. Prospectuses are available by calling 1-800-545-4730. Read carefully before investing. 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 \$2000 for the year. The rates for the Investment Contract Pool are after the deduction of any carrier charges.

Please see other important disclosures at the end of this report.

| VRU #                   | Fixed Investment Option        | Jan '24               | Dec '23               | Nov '23 |        |         |                 |           |               |
|-------------------------|--------------------------------|-----------------------|-----------------------|---------|--------|---------|-----------------|-----------|---------------|
| 283                     | Investment Contract Pool       | 2.950%                | 2.880%                | 2.880%  |        |         |                 |           |               |
|                         |                                | Morningstar           | Average Annual Return |         |        |         | Since Inception | Inception | Gross Expense |
| VRU #                   | Variable Investment Options    | Category              | 1 Year                | 3 Year  | 5 Year | 10 Year | Inception       | Date      | Ratio         |
| <b>Asset allocation</b> |                                |                       |                       |         |        |         |                 |           |               |
| 1439                    | TRowePr Rtrmt I 2010 I (o)     | Target-Date 2000-2010 | 12.55%                | 1.85%   | 6.60%  | N/A     | 6.17%           | 09/29/15  | 0.34%         |
| 2695                    | TRowePr Rtrmt I 2005 I (o)     | Target-Date 2000-2010 | 12.06%                | 1.59%   | 6.13%  | N/A     | 5.70%           | 09/29/15  | 0.34%         |
| 3298                    | WlmnTrTRowePrRtrmt 2005 I1 (b) | Target-Date 2000-2010 | 11.95%                | N/A     | N/A    | N/A     | 8.05%           | 09/01/22  | 0.33%         |
| 3299                    | WlmnTrTRowePrRtrmt 2010 I1 (b) | Target-Date 2000-2010 | 12.56%                | N/A     | N/A    | N/A     | 8.43%           | 09/01/22  | 0.33%         |
| 1440                    | TRowePr Rtrmt I 2015 I (o)     | Target-Date 2015      | 13.06%                | 2.12%   | 7.15%  | N/A     | 6.74%           | 09/29/15  | 0.36%         |
| 3300                    | WlmnTrTRowePrRtrmt 2015 I1 (b) | Target-Date 2015      | 13.20%                | N/A     | N/A    | N/A     | 10.72%          | 09/01/22  | 0.33%         |
| 1441                    | TRowePr Rtrmt I 2020 I (o)     | Target-Date 2020      | 13.65%                | 2.45%   | 7.79%  | N/A     | 7.43%           | 09/29/15  | 0.37%         |
| 3301                    | WlmnTrTRowePrRtrmt 2020 I1 (b) | Target-Date 2020      | 13.67%                | N/A     | N/A    | N/A     | 11.05%          | 09/01/22  | 0.33%         |
| 1442                    | TRowePr Rtrmt I 2025 I (o)     | Target-Date 2025      | 14.71%                | 2.80%   | 8.57%  | N/A     | 8.12%           | 09/29/15  | 0.38%         |
| 3302                    | WlmnTrTRowePrRtrmt 2025 I1 (b) | Target-Date 2025      | 14.76%                | N/A     | N/A    | N/A     | 10.35%          | 09/01/22  | 0.33%         |
| 1443                    | TRowePr Rtrmt I 2030 I (o)     | Target-Date 2030      | 16.54%                | 3.29%   | 9.40%  | N/A     | 8.81%           | 09/29/15  | 0.41%         |
| 3303                    | WlmnTrTRowePrRtrmt 2030 I1 (b) | Target-Date 2030      | 16.56%                | N/A     | N/A    | N/A     | 11.71%          | 09/01/22  | 0.33%         |
| 1444                    | TRowePr Rtrmt I 2035 I (o)     | Target-Date 2035      | 18.32%                | 3.87%   | 10.20% | N/A     | 9.42%           | 09/29/15  | 0.42%         |
| 3304                    | WlmnTrTRowePrRtrmt 2035 I1 (b) | Target-Date 2035      | 18.47%                | N/A     | N/A    | N/A     | 13.30%          | 09/01/22  | 0.33%         |
| 1445                    | TRowePr Rtrmt I 2040 I (o)     | Target-Date 2040      | 19.80%                | 4.32%   | 10.87% | N/A     | 9.95%           | 09/29/15  | 0.43%         |
| 3305                    | WlmnTrTRowePrRtrmt 2040 I1 (b) | Target-Date 2040      | 19.98%                | N/A     | N/A    | N/A     | 14.49%          | 09/01/22  | 0.33%         |
| 1446                    | TRowePr Rtrmt I 2045 I (o)     | Target-Date 2045      | 20.63%                | 4.70%   | 11.33% | N/A     | 10.23%          | 09/29/15  | 0.44%         |
| 3306                    | WlmnTrTRowePrRtrmt 2045 I1 (b) | Target-Date 2045      | 20.95%                | N/A     | N/A    | N/A     | 15.35%          | 09/01/22  | 0.33%         |
| 1447                    | TRowePr Rtrmt I 2050 I (o)     | Target-Date 2050      | 20.92%                | 4.77%   | 11.38% | N/A     | 10.26%          | 09/29/15  | 0.45%         |
| 3307                    | WlmnTrTRowePrRtrmt 2050 I1 (b) | Target-Date 2050      | 21.10%                | N/A     | N/A    | N/A     | 15.44%          | 09/01/22  | 0.33%         |
| 1448                    | TRowePr Rtrmt I 2055 I (o)     | Target-Date 2055      | 20.93%                | 4.77%   | 11.37% | N/A     | 10.24%          | 09/29/15  | 0.46%         |
| 3308                    | WlmnTrTRowePrRtrmt 2055 I1 (b) | Target-Date 2055      | 21.29%                | N/A     | N/A    | N/A     | 15.52%          | 09/01/22  | 0.33%         |
| 1449                    | TRowePr Rtrmt I 2060 I (o)     | Target-Date 2060      | 20.95%                | 4.77%   | 11.38% | N/A     | 10.23%          | 09/29/15  | 0.46%         |
| 3309                    | WlmnTrTRowePrRtrmt 2060 I1 (b) | Target-Date 2060      | 21.23%                | N/A     | N/A    | N/A     | 15.52%          | 09/01/22  | 0.33%         |
| 2724                    | TRowePr Rtrmt I 2065 I (o)     | Target-Date 2065+     | 21.00%                | 5.08%   | N/A    | N/A     | 8.21%           | 10/13/20  | 0.46%         |
| 3310                    | WlmnTrTRowePrRtrmt 2065 I1 (b) | Target-Date 2065+     | 21.31%                | N/A     | N/A    | N/A     | 15.59%          | 09/01/22  | 0.33%         |
| <b>International</b>    |                                |                       |                       |         |        |         |                 |           |               |
| 883                     | Vngrd Ttl IntlStkIndx Inst     | Foreign Large Blend   | 15.52%                | 1.79%   | 7.37%  | 4.12%   | 4.89%           | 11/29/10  | 0.08%         |
| 2819                    | SSgA Intl Indx NLndg M         | Foreign Large Blend   | 18.57%                | 4.27%   | 8.45%  | 5.73%   | 8.95%           | 11/30/08  | 0.05%         |
| 835                     | AmFds Euro Pacfc Gr R6         | Foreign Large Growth  | 16.05%                | -2.66%  | 8.04%  | 4.90%   | 10.18%          | 04/16/84  | 0.47%         |
| <b>Small cap</b>        |                                |                       |                       |         |        |         |                 |           |               |
| 891                     | Vngrd SmCap Indx Inst          | Small Blend           | 18.22%                | 4.67%   | 11.72% | 8.44%   | 8.88%           | 07/07/97  | 0.04%         |
| 2820                    | SSgA RsslSmCapIndxNLndg K      | Small Blend           | 16.90%                | 2.23%   | 9.93%  | 7.06%   | 7.85%           | 09/30/96  | 0.04%         |
| 1533                    | TRowePr Inst SmCap Stk         | Small Growth          | 17.55%                | 1.73%   | 12.01% | 9.35%   | 9.99%           | 03/31/00  | 0.66%         |
| <b>Mid cap</b>          |                                |                       |                       |         |        |         |                 |           |               |
| 899                     | Vngrd MdCap Indx Inst Pls      | Mid-Cap Blend         | 16.00%                | 5.51%   | 12.73% | 9.43%   | 10.94%          | 12/15/10  | 0.03%         |
| 2821                    | SSgA SPMdCap Indx NLndg M      | Mid-Cap Blend         | 16.41%                | 8.06%   | 12.58% | 9.25%   | 9.99%           | 09/30/97  | 0.03%         |
| 1291                    | JnsHndsrn Entrp N              | Mid-Cap Growth        | 18.10%                | 5.27%   | 13.73% | 12.03%  | 11.21%          | 09/01/92  | 0.66%         |
| 3311                    | MdCap Gr II I1                 | Mid-Cap Growth        | N/A                   | N/A     | N/A    | N/A     | 10.80%          | 04/24/23  | 0.43%         |
| 802                     | TRowePr MdCap Val Rtl          | Mid-Cap Value         | 18.75%                | 12.30%  | 13.23% | 9.45%   | 11.12%          | 06/28/96  | 0.83%         |

## PERFORMANCE RESULTS

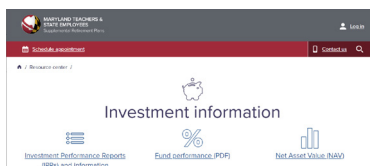
### Investment Performance Information - October 1, 2023 to December 31, 2023

|       |                             | Morningstar            | Average Annual Return |        |        |         | Since     | Inception | Gross         |
|-------|-----------------------------|------------------------|-----------------------|--------|--------|---------|-----------|-----------|---------------|
| VRU # | Variable Investment Options | Category               | 1 Year                | 3 Year | 5 Year | 10 Year | Inception | Date      | Expense Ratio |
|       | Large cap                   |                        |                       |        |        |         |           |           |               |
| 856   | Parnassus Cor Eq Inst       | Large Blend            | 25.21%                | 9.28%  | 15.73% | 11.86%  | 11.24%    | 04/28/06  | 0.62%         |
| 1749  | TRowePr US Eq Rsrch I       | Large Blend            | 29.91%                | 10.59% | 16.54% | 12.47%  | 9.80%     | 11/30/94  | 0.35%         |
| 2078  | Fid 500 Indx                | Large Blend            | 26.29%                | 9.99%  | 15.68% | 12.02%  | 10.68%    | 02/17/88  | 0.02%         |
| 2823  | SSgA SP 500 Indx NLndg K    | Large Blend            | 26.28%                | 9.98%  | 15.66% | 12.01%  | 8.94%     | 04/30/97  | 0.01%         |
| 2896  | TRowPr StrcdRsrch Cmn Tr    | Large Blend            | 30.01%                | 10.71% | 16.82% | 12.78%  | 10.79%    | 05/02/05  | 0.28%         |
| 2626  | WlmbLr LgCap Gr CIF 5       | Large Growth           | 40.76%                | N/A    | N/A    | N/A     | 5.23%     | 02/12/21  | 0.37%         |
| 2627  | WlmbLr LgCap Gr R6          | Large Growth           | 40.56%                | 6.86%  | N/A    | N/A     | 14.79%    | 05/02/19  | 0.66%         |
| 942   | DE Val Inst (a)             | Large Value            | 2.10%                 | 6.43%  | 7.74%  | 7.61%   | 7.57%     | 09/15/98  | 0.68%         |
| 1297  | Ptnm LgCap Val Y            | Large Value            | 15.64%                | 12.64% | 14.57% | 10.40%  | 10.50%    | 06/30/77  | 0.64%         |
| 2619  | WlmbTR LgCap Val I1         | Large Value            | 15.96%                | 12.79% | 14.84% | N/A     | 12.32%    | 12/03/18  | 0.29%         |
|       | Balanced                    |                        |                       |        |        |         |           |           |               |
| 199   | Fid Puritan                 | Moderate Allocation    | 20.22%                | 5.77%  | 11.58% | 8.83%   | 10.81%    | 04/16/47  | 0.50%         |
|       | Bonds                       |                        |                       |        |        |         |           |           |               |
| 786   | Vngrd Ttl Bd Mkt Indx Inst  | Intermediate Core Bond | 5.72%                 | -3.34% | 1.13%  | 1.80%   | 4.29%     | 09/18/95  | 0.04%         |
| 1641  | TCW Cor Fxd Inc I           | Intermediate Core Bond | 5.60%                 | -3.66% | 1.13%  | 1.68%   | 4.60%     | 02/26/93  | 0.53%         |
| 2822  | SSgA US Bd Indx NLndg M     | Intermediate Core Bond | 5.59%                 | -3.38% | 1.09%  | 1.79%   | 2.69%     | 04/30/09  | 0.03%         |
|       | Short term                  |                        |                       |        |        |         |           |           |               |
| 1340  | Vngrd Fed Mny Mkt Inv (c)   | Money Market-Taxable   | 5.09%                 | 2.20%  | 1.83%  | 1.21%   | 3.91%     | 07/13/81  | 0.11%         |
|       | CURRENT YIELD: 4.54%        |                        |                       |        |        |         |           |           |               |

Match the market index below to the Morningstar Category listed for your fund.

#### Market Indices

|   | Total Return |  | Average Annual Return |        |         |
|---|--------------|--|-----------------------|--------|---------|
|   | 1 Year       |  | 3 Year                | 5 Year | 10 Year |
| <b>Small Cap Growth Index</b>                             |              |  |                       |        |         |
| CRSP US Small Cap Growth Index                            | 21.28%       |  | -2.83%                | 10.51% | 7.82%   |
| <b>Small Cap Blend Index</b>                              |              |  |                       |        |         |
| Russell 2000  | 16.93%       |  | 2.22%                 | 9.97%  | 7.16%   |
| <b>Small Cap Value Index</b>                              |              |  |                       |        |         |
| CRSP US Small Cap Value Index                             | 15.91%       |  | 10.46%                | 11.84% | 8.50%   |
| <b>International Index</b>                                |              |  |                       |        |         |
| FTSE Developed ex North America - For VRU# 835            | 18.35%       |  | 3.30%                 | 8.06%  | 4.35%   |
| FTSE Global All Cap ex US Index                           | 16.17%       |  | 2.19%                 | 7.78%  | 4.51%   |
| <b>Mid Cap Growth Index</b>                               |              |  |                       |        |         |
| Russell Midcap Growth                                     | 25.87%       |  | 1.31%                 | 13.81% | 10.57%  |
| <b>Mid Cap Value Index</b>                                |              |  |                       |        |         |
| Russell Midcap Value                                      | 12.71%       |  | 8.36%                 | 11.16% | 8.26%   |
| <b>Mid Cap Blend Index</b>                                |              |  |                       |        |         |
| S&P 400 MidCap Index                                      | 16.44%       |  | 8.09%                 | 12.62% | 9.27%   |
| <b>Large Cap Blend Index</b>                              |              |  |                       |        |         |
| Standard & Poor's 500 Index                               | 26.29%       |  | 10.00%                | 15.69% | 12.03%  |
| <b>Large Cap Growth Index</b>                             |              |  |                       |        |         |
| Russell 1000 Growth                                       | 42.68%       |  | 8.86%                 | 19.50% | 14.86%  |
| <b>Large Cap Value Index</b>                              |              |  |                       |        |         |
| CRSP US Large Cap Value Index                             | 9.17%        |  | 10.61%                | 11.74% | 9.75%   |
| Russell 1000 Value  | 11.46%       |  | 8.86%                 | 10.91% | 8.40%   |
| <b>Balanced Index (use for Moderate Allocation Funds)</b> |              |  |                       |        |         |
| 60% S&P 500/40% Barclays Capital Aggregate Bond           | 17.67%       |  | 4.71%                 | 9.98%  | 8.09%   |
| <b>Government Bond Index</b>                              |              |  |                       |        |         |
| Bloomberg US Govt Interm TR USD                           | 4.30%        |  | -1.83%                | 1.03%  | 1.24%   |
| <b>Intermediate Term Bond</b>                             |              |  |                       |        |         |
| Bloomberg US Agg Bond TR USD                              | 5.53%        |  | -3.31%                | 1.10%  | 1.81%   |
| <b>Money Market Index</b>                                 |              |  |                       |        |         |
| FTSE Treasury Bill 3 Mon USD                              | 5.26%        |  | 2.25%                 | 1.91%  | 1.26%   |



Get the most current fund performance, fund fact sheets, and fund line up on MarylandDC.com

## Investment Performance Information - October 1, 2023 to December 31, 2023

Match the market index below to the Morningstar Category listed for your fund.

### Market Indices (continued)

|                                       | Total Return | Average Annual Return |        |         |  |
|---------------------------------------|--------------|-----------------------|--------|---------|--|
|                                       | 1 Year       | 3 Year                | 5 Year | 10 Year |  |
| <b>Asset Allocation Index</b>         |              |                       |        |         |  |
| Combined Index Portfolio 2005         | 10.35%       | 1.00%                 | 4.90%  | 3.98%   |  |
| Combined Index Portfolio 2005 (CIT)   | 10.35%       | 1.00%                 | 4.90%  | 3.98%   |  |
| Combined Index Portfolio 2010         | 10.78%       | 1.49%                 | 5.61%  | 4.50%   |  |
| Combined Index Portfolio 2010 (CIT)   | 10.78%       | 1.49%                 | 5.61%  | 4.50%   |  |
| Combined Index Portfolio 2015         | 11.38%       | 1.86%                 | 6.10%  | 4.94%   |  |
| Combined Index Portfolio 2015 (CIT)   | 11.38%       | 1.86%                 | 6.10%  | 4.94%   |  |
| Combined Index Portfolio 2020         | 12.32%       | 2.12%                 | 6.47%  | 5.28%   |  |
| Combined Index Portfolio 2020 (CIT)   | 12.32%       | 2.12%                 | 6.47%  | 5.28%   |  |
| Combined Index Portfolio 2025         | 12.99%       | 2.80%                 | 7.42%  | 5.85%   |  |
| Combined Index Portfolio 2025 (CIT)   | 12.99%       | 2.80%                 | 7.42%  | 5.85%   |  |
| Combined Index Portfolio 2030         | 14.80%       | 3.61%                 | 8.42%  | 6.44%   |  |
| Combined Index Portfolio 2030 (CIT)   | 14.80%       | 3.61%                 | 8.42%  | 6.44%   |  |
| Combined Index Portfolio 2035         | 16.63%       | 4.45%                 | 9.44%  | 7.04%   |  |
| Combined Index Portfolio 2035 (CIT)   | 16.63%       | 4.45%                 | 9.44%  | 7.04%   |  |
| Combined Index Portfolio 2040         | 18.16%       | 5.16%                 | 10.22% | 7.49%   |  |
| Combined Index Portfolio 2040 (CIT)   | 18.16%       | 5.16%                 | 10.22% | 7.49%   |  |
| Combined Index Portfolio 2045         | 19.14%       | 5.62%                 | 10.68% | 7.76%   |  |
| Combined Index Portfolio 2045 (CIT)   | 19.14%       | 5.62%                 | 10.68% | 7.76%   |  |
| Combined Index Portfolio 2050         | 19.59%       | 5.84%                 | 10.92% | 7.92%   |  |
| Combined Index Portfolio 2050 (CIT)   | 19.59%       | 5.84%                 | 10.92% | 7.92%   |  |
| Combined Index Portfolio 2055         | 19.62%       | 5.91%                 | 10.98% | 7.99%   |  |
| Combined Index Portfolio 2055 (CIT)   | 19.62%       | 5.91%                 | 10.98% | 7.99%   |  |
| Combined Index Portfolio 2060         | 19.74%       | 5.89%                 | 11.04% | N/A     |  |
| Combined Index Portfolio 2060 (CIT)   | 19.74%       | 5.89%                 | 11.04% | N/A     |  |
| Combined Index Portfolio 2065         | 19.84%       | 5.98%                 | N/A    | N/A     |  |
| Combined Index Portfolio 2065 (CIT)   | 19.84%       | 5.98%                 | N/A    | N/A     |  |
| Combined Index Portfolio Income       | 10.35%       | 1.00%                 | 4.90%  | 3.98%   |  |
| Combined Index Portfolio Income (CIT) | 10.35%       | 1.00%                 | 4.90%  | 3.98%   |  |

### FEE DISCLOSURES

The Standardized illustration represents performance based on a \$10,000 hypothetical investment. Fees and expenses listed are in addition to the fees disclosed in the underlying fund prospectus.

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.

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.

### FOOTNOTES

a) These funds are not open to new participants.

b) These funds are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, in addition to the fund's expenses, you are indirectly paying a proportionate share of the applicable fees and expenses of the underlying funds.

c) 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.

d) The Target Retirement Funds invest in a wide variety of underlying funds to help reduce investment risk. So in addition to the expenses of the Target Retirement Funds, you pay a proportionate share of the expenses of the underlying funds. Like other funds, Target Retirement Funds are subject to market risk and loss. Loss of principal can occur at any time, including before, at or after the target date. There is no guarantee that target date funds will provide enough income for retirement.

### RISK DISCLOSURES

**Government Money Market Funds:** The Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund is open to all investors. Although the Fund seeks to preserve the value of the investment at \$1.00 per share, it cannot guarantee it will do so. You could lose money by investing in the Fund. The Fund may impose a fee upon sale of shares or temporarily suspend the ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time. The Fund may invest in shares of other government money market mutual funds, including those advised by the Fund's subadviser, to provide additional liquidity or to achieve higher yields. Please refer to the most recent prospectus for a more detailed description of the Fund's principal risks.

**International/emerging markets funds:** Funds that invest in international stocks face risks that funds investing only in U.S. stocks do not. Currency fluctuation, political risk, differences in accounting standards and the limited availability of information may make these funds less stable.

**Small company funds:** Small and emerging companies may have less liquidity than larger, established companies. Therefore, funds investing in stocks of small or emerging companies may face greater price volatility and risk.

## PERFORMANCE RESULTS

### Investment Performance Information - October 1, 2023 to December 31, 2023

**High-yield bond funds:** Funds that invest in high-yield securities may have more credit risk and changes in price than funds that invest in higher-quality securities.

**Non-diversified funds:** Funds that invest in a single industry or small number of securities may be more volatile than those that invest more broadly.

**Government bond funds:** These funds invest mainly in securities of the U.S. government and its agencies; however, these entities do not guarantee the value of the funds.

**Real estate funds:** Funds that invest mainly in real estate are sensitive to economic and business cycles, changing demographic patterns and government actions.

#### IMPORTANT DISCLOSURES

**Investment Contract Pool** available for 457, 401(k) and 401(a) plans only.

**Vanguard Federal Money Market Fund** available through 403(b) plan only.

Investing may involve market risk, including the possible loss of principal. Certain underlying funds discussed here are only available as investment options in group variable annuity contracts issued by life insurance companies. They are not offered or made available directly to the general public. These portfolios contain different investment than similarly named mutual funds offered by the money manager and investment returns may be higher or lower.

Inception Date is the date the underlying fund was established. Non-Standardized performance for UIO's includes hypothetical performance for periods before the UIO was available in the group annuity, where applicable, applying contract charges to actual fund NAVs to determine the performance the UIO would have achieved inside the separate account.

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Distributions of contributions and earnings from the Roth account are tax free if contributions have been in the Roth elective deferral account for a period of at least five (5) tax years and the participant is at least 59½ years old at the time of the distribution.

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# Maryland State Teachers and State Employees Supplemental Retirement Plans Master Trust

William Donald Schaefer Tower ~ 6 Saint Paul Street ~ Suite 200 ~ Baltimore, Maryland 21202-1608  
Phone 410-767-8740 or 1-800-543-5605 Fax 410-659-0349

All information as of December 31, 2023

## Category

Stable Value — The Investment Contract Pool (the "ICP") of the Maryland Teachers & State Employees Supplemental Retirement Plans (the "MSRP") is a stable value investment option offered under the Plan and is structured as a separately managed portfolio. The ICP is not a registered mutual fund, therefore there is no prospectus.

## Management

T. Rowe Price Associates, Inc. (TRPA)

## Objective

The purpose and objective of the ICP is to provide participants in the Maryland Teachers & State Employees Supplemental Retirement Plans (the "MSRP") with an investment vehicle that, among other things:

- 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.

## Approach

The ICP primarily invests in synthetic investment contracts ("SICs"). SICs are commonly referred to as wrap contracts or wraps. The ICP invests across a number of contracts with high quality contract issuers in order to help diversify the ICP's credit risk with respect to any one counterparty. With respect to SICs, these wrap contracts are supported by underlying high-quality fixed income portfolios (such assets are commonly referred to as "wrapped assets"). The wrapped assets are generally managed to a target duration not more than 3.5 years with the objective of enhancing the ICP's crediting rate. SICs provide a guarantee of principal and interest payment for routine participant transactions permitted under the MSRP regardless of the market value of the wrapped assets.

## Reserve Segment (3.0% of ICP)

This segment is invested in an unwrapped short-term investment fund to help facilitate liquidity for routine participant transactions.

## SIC Actively Managed Portfolio Segment (97.0% of ICP)

This segment is invested across five high quality SIC contracts and is intended to enhance the ICP's crediting rate while remaining benefit responsive for routine participant transactions.

| SIC Contract Issuers                        | % of ICP | Credit Quality Rating <sup>1</sup> |
|---|----------|------------------------------------|
| American General Life Insurance Company     | 20.3%    | A2                                 |
| Transamerica Life Insurance Company         | 20.3     | A1                                 |
| State Street Bank and Trust Company         | 19.0     | Aa1                                |
| Metropolitan Tower Life Insurance Company   | 18.7     | Aa3                                |
| The Prudential Insurance Company of America | 18.7     | Aa3                                |

The above issuers represent 97.6% of the ICP as of December 31, 2023.

## Total Return Performance<sup>2</sup>

Figures are Calculated in U.S. Dollars

|  | One Month | Two Months | Three Months | One Year | Since Inception <sup>5</sup><br>1 January 2022 |
|--|-----------|------------|--------------|----------|--|
| Investment Contract Pool ("ICP")               | 0.24%     | 0.48%      | 0.72%        | 2.67%    | 2.25%  |
| FTSE 3-Month Treasury Bill Index <sup>3</sup>  | 0.47      | 0.93       | 1.41         | 5.26%    | 4.34   |
| 3-year Constant Maturity Treasury <sup>4</sup> | 0.33      | 0.71       | 1.12         | 4.40     | 3.78   |

Past performance is not a reliable indicator of future performance.

| Sector Breakdown (%)           | % of ICP |
|--------------------------------|----------|
| Credits                        | 38.8%    |
| U.S. Treasuries                | 25.1     |
| U.S. Agencies                  | 2.1      |
| ABS                            | 8.6      |
| CMBS                           | 4.6      |
| Mortgage Back Securities (MBS) | 17.2     |
| Reserves/Cash Equivalents      | 3.6      |

| Credit Quality (%) <sup>1</sup> | % of ICP |
|---------------------------------|----------|
| U.S. Government Agencies/Aaa    | 54.3%    |
| Aa                              | 6.0      |
| A                               | 19.2     |
| BBB or Lower                    | 16.9     |
| Reserves/Cash Equivalents       | 3.6      |

## ICP Characteristics

|   |            |
|---|------------|
| Assets (Millions USD)   | \$798.2    |
| Average Crediting Rate (gross of trustee fees, net of 14.5 bps wrap fees) | 2.87%      |
| Market-to-Book Ratio  | 94.98%     |
| Duration  | 2.95 Years |
| Yield   | 4.95%      |
| <b>Underlying Fixed Income Portfolios (% of ICP)</b>                      |            |
| T. Rowe Price   | 49.7%      |
| Payden  | 19.0       |
| Loomis  | 18.7       |
| Xponance  | 9.6        |

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# Maryland State Teachers and State Employees Supplemental Retirement Plans Master Trust

All information as of December 31, 2023

**Past performance is not a reliable indicator of future performance.**

<sup>1</sup>Credit ratings for the securities held are provided by Moody's, Standard & Poor's and Fitch and are converted to the Moody's nomenclature. A rating of "AAA" represents the highest-rated securities, and a rating of "D" represents the lowest-rated securities. If the rating agencies differ, the highest rating is applied to the security. If a rating is not available, the security is classified as Not Rated (NR). T. Rowe Price uses the rating of the underlying investment vehicle to determine the creditworthiness of credit default swaps and sovereign securities. The portfolio is not rated by any agency. U.S. Government Agencies includes U.S. Treasury obligations as well as debentures, pass-throughs, CMOs, and project loans issued by Agencies of the U.S. Government.

<sup>2</sup>Performance is reported from the inception date of TRPA appointment as an investment manager of the Fund on January 01, 2022, and is gross of trustee fees, net of 14.5 bps wrap fees. Prior to January 01, 2022 the Fund was managed by other investment advisers not affiliated with TRPA. During the reported periods, other stable value portfolios may have performed better or worse than the Fund. Periods greater than one year are annualized.

<sup>3</sup>The FTSE 3-Month Treasury Bill Index provides a monthly return based on a rolling three-month average of U.S. Treasury bills.

<sup>4</sup>The 3-year Constant Maturity Treasury Index provides a monthly return based on a rolling three-year average of U.S. Treasury bills.

<sup>5</sup>"Since Inception" return is from inception of management by TRPA. Please contact the Plan for performance data relating to prior periods. The Fund is not insured by the FDIC or any other government agency. There is no assurance that the Fund will be able to maintain a stable net asset value of 1 USD a share and it is possible to lose money by investing in the Fund.

Certain numbers in this report may not equal stated totals due to rounding. Unless otherwise stated, data is as of the report date.

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# Statistical Section

## (Unaudited)

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Annual Comprehensive Financial Report 2023

## 2023 Plan Statistics

## 2023 Totals for All Plans

|   |        |
|---|--------|
| Average Combined Plan Assets by Participant | 85,070 |
| TOTAL Participants                          | 69,442 |
| TOTAL Deferring/Contributing Participants   | 35,240 |
| Average Roth Assets by Participant          | 13,378 |
| Participants in Multiple Plans              | 8,476  |
| Total Roth Accounts                         | 9,843  |
| TOTAL Participants with Systematic Payouts  | 7,031  |
| Participants with Multiplan Deferrals       | 3,386  |
| Average Annual Deferrals per Participant    | 756    |

## 457(b) Deferred Compensation Plan

|                        | 2023   | 2022   | 2021   |
|------------------------|--------|--------|--------|
| Participants           | 36,183 | 35,613 | 35,954 |
| Deferring Participants | 19,204 | 19,187 | 19,187 |
| Systematic Payouts     | 3,313  | 7,072  | 8,902  |
| Loans                  | 2,288  | 2,384  | 2,423  |
| Annuitants             | -      | 1      | 1      |
| Net New Enrollments    | 1,988  | 1,110  | (66)   |

## 401(k) Savings &amp; Investment Plan

|                           | 2023   | 2022   | 2021   |
|---------------------------|--------|--------|--------|
| Participants              | 32,386 | 31,343 | 31,823 |
| Contributing Participants | 15,673 | 15,048 | 15,048 |
| Systematic Payouts        | 3,577  | 5,810  | 4,834  |
| Number of Loans           | 1,713  | 1,888  | 1,981  |
| Annuitants                | -      | -      | -      |
| Net New Enrollments       | 2,407  | 932    | -      |

## 403(b) Tax Deferred Annuity Plan

|                           | 2023 | 2022 | 2021 |
|---------------------------|------|------|------|
| Participants              | 873  | 804  | 804  |
| Contributing Participants | 363  | 265  | 265  |
| Systematic Payouts        | 141  | 191  | 135  |
| Number of Loans           | 20   | 3    | 29   |
| Annuitants                | -    | -    | 1    |
| Net New Enrollments       | 130  | 42   | (7)  |

## 401(a) Match Plan

|              | 2023   | 2022   | 2021   |
|--------------|--------|--------|--------|
| Participants | 38,470 | 24,796 | 25,580 |

## Statement of Changes in Fiduciary Net Position 10 Year History

|  | 2023                    | 2022                    | 2021                    | 2020                    | 2019                    | 2018                    | 2017                    | 2016                    | 2015                    | 2014                    |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>ADDITIONS TO NET POSITION ATTRIBUTED TO:</b>    |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Employee contributions                             | \$ 222,391,330          | \$ 189,971,046          | \$ 190,217,444          | \$ 179,872,866          | \$ 182,405,999          | \$ 164,038,436          | \$ 167,321,062          | \$ 155,632,594          | \$ 163,723,479          | \$ 153,458,164          |
| Employer contributions                             | -                       | -                       | -                       | -                       | 16,554                  | 35,822                  | 70                      | 16,363                  | 9,750                   | 28,418                  |
| Variable earnings reimbursements                   | 1,672,728               | 1,671,106               | 1,786,049               | 1,990,832               | 2,666,215               | 3,057,487               | 2,102,082               | 2,096,422               | 2,206,440               | 2,026,395               |
| Investment income:                                 |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Participant fee income                             | 1,861,220               | 1,336,367               | 1,766,789               | 2,035,000               | 2,029,000               | -                       | -                       | -                       | -                       | -                       |
| Variable earnings investment (loss) income         | 731,401,136             | (818,461,864)           | 733,896,717             | 605,341,098             | 711,776,796             | (165,557,554)           | 491,695,469             | 231,765,315             | (6,641,027)             | 202,623,164             |
| Interest income                                    | 25,844,778              | 19,851,311              | 18,292,463              | 22,356,074              | 22,656,096              | 21,104,108              | 18,923,831              | 18,431,370              | 18,549,979              | 18,590,728              |
| <b>Total Additions</b>                             | <b>983,171,192</b>      | <b>(605,632,034)</b>    | <b>945,959,462</b>      | <b>811,595,870</b>      | <b>921,550,660</b>      | <b>22,678,299</b>       | <b>680,042,514</b>      | <b>407,942,064</b>      | <b>177,848,621</b>      | <b>376,726,869</b>      |
| <b>DEDUCTIONS FROM NET POSITION ATTRIBUTED TO:</b> |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Distributions to participants                      | 316,670,166             | 277,699,840             | 300,550,087             | 252,429,639             | 268,869,648             | 238,492,183             | 241,714,809             | 205,568,155             | 214,590,958             | 199,498,199             |
| Administrative expenses                            | 10,324,845              | 9,956,801               | 9,897,560               | 8,752,776               | 8,805,494               | 6,264,365               | 5,537,415               | 5,243,677               | 4,609,909               | 4,931,985               |
| Life insurance premiums                            | 1,430                   | 1,430                   | 1,440                   | 2,375                   | 3,520                   | 5,350                   | 6,644                   | 7,982                   | 11,725                  | 16,098                  |
| <b>Total Deductions</b>                            | <b>326,996,440</b>      | <b>287,658,071</b>      | <b>310,449,087</b>      | <b>261,184,790</b>      | <b>277,678,662</b>      | <b>244,761,898</b>      | <b>247,258,868</b>      | <b>210,819,814</b>      | <b>219,212,592</b>      | <b>204,446,282</b>      |
| Net (decrease) increase                            | 656,174,752             | (893,290,105)           | 635,510,375             | 550,411,080             | 643,871,998             | (222,083,599)           | 432,783,646             | 197,122,250             | (41,363,971)            | 172,280,587             |
| Fiduciary Net Position beginning of year           | 4,682,575,030           | 5,575,865,135           | 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           |
| Fiduciary Net Position End of Year                 | <u>\$ 5,338,749,783</u> | <u>\$ 4,682,575,030</u> | <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> |

## Ten Year History Of Administrative Charges And Expenditures

|                                       | 2023              | 2022              | 2021                | 2020              | 2019              | 2018              | 2017              | 2016              | 2015              | 2014              |
|---------------------------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Plan Charges</b>                   | \$ 2,010,940      | \$ 1,851,811      | \$ 525,589          | \$ 1,924,298      | \$ 2,518,517      | \$ 1,290,459      | \$ 2,084,562      | \$ 1,580,828      | \$ 1,693,232      | \$ 1,889,868      |
| Technical & Special fees              | 1,290             | 2,500             | -                   | -                 | -                 | 6,813             | -                 | -                 | 2,427             | 5,945             |
| Benefits                              | 1,364,929         | 1,335,270         | 1,221,029           | 1,221,029         | 1,466,342         | 1,239,426         | 1,236,248         | 1,252,561         | 1,179,268         | 1,093,162         |
| Contractual Services                  | 559,130           | 461,097           | 308,157             | 301,178           | 231,874           | 197,903           | 373,298           | 279,367           | 298,242           | 241,535           |
| Office Rent and Insurance             | 25,287            | 320,491           | 173,289             | 163,361           | 170,768           | 168,675           | 152,415           | 248,648           | 298,486           | 138,699           |
| Supplies and Materials                | 32,590            | 40,506            | 31,164              | 31,164            | 16,237            | 18,075            | 6,249             | 10,404            | 8,794             | 12,142            |
| Equipment/Furnishings                 | 6,191             | 16,176            | 9,991               | 9,991             | 11,808            | 1,339             | 15,545            | 10,986            | 78                | 354               |
| Communications                        | 15,084            | 11,099            | 5,379               | 5,379             | 28,999            | 18,874            | 39,751            | 19,279            | 16,823            | 26,243            |
| Travel                                | 17,546            | 7,435             | -                   | -                 | 22,558            | 25,102            | 22,483            | 20,659            | 19,823            | 20,513            |
| Expenditures                          |                   |                   |                     |                   |                   |                   |                   |                   |                   |                   |
| Salaries, Wages and Fringe            |                   |                   |                     |                   |                   |                   |                   |                   |                   |                   |
| <b>Total Expenditures</b>             | <u>2,022,047</u>  | <u>2,194,574</u>  | <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>  |
| <b>Plan Charges Less Expenditures</b> | (11,107)          | (342,763)         | (1,223,420)         | 192,196           | 569,931           | (385,748)         | 238,573           | (261,076)         | (130,709)         | 351,275           |
|                                       |                   |                   |                     |                   |                   |                   |                   |                   |                   | -                 |
| <b>Reserve Balance</b>                | <u>\$ 251,485</u> | <u>\$ 592,401</u> | <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> |

## Ten Year Plan Statistics by Plan

(\$ In Thousands)

## 457(b) PLAN SUMMARY

|                                     | 2023       | 2022      | 2021      | 2020      | 2019      | 2018      | 2017      | 2016      | 2015      | 2014      |
|-------------------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Additions: Contributions            | \$ 104,475 | \$ 95,978 | \$ 91,857 | \$ 85,588 | \$ 83,004 | \$ 74,579 | \$ 72,953 | \$ 66,817 | \$ 66,812 | \$ 60,837 |
| Additions: Investment Return        | 304,381    | (334)     | 308       | 258       | 301       | (56)      | 210       | 104       | 8,959     | 94        |
| Loan Amount                         | \$ 21,165  | \$ 20,528 | \$ 20,261 | \$ 20,755 | \$ 21,731 | \$ 20,922 | \$ 19,733 | \$ 18,772 | \$ 18,077 | \$ 17,466 |
| Mutual Fund Reimbursements          | 743        | 738,626   | 787,066   | 873,126   | 1,159     | 1,338     | 888       | 893       | 937       | -         |
| Participant Accounts                | 36         | 35,613    | 35,954    | 36,147    | 35,557    | 38        | 34        | 33        | 32        | 30        |
| Deferring Participants              | 19         | 19,187    | 19,187    | 21,129    | 20,907    | 20,907    | 19        | 19        | 18        | 17        |
| Number of Loans                     | 2          | 2         | 2         | 2         | 3         | 3         | 2         | 2         | 2         | 2         |
| <b>Total Fiduciary Net Position</b> | 2,339,276  | 2,054     | 2,407     | 2,140     | 1,916     | 1,649     | 1,741     | 1,572     | 1,498,891 | 1,524,446 |
| Plan Administration Fees*           | (3,931)    | (4,362)   | (5,483)   | (2,696)   | (2,731)   | (3,048)   | (2,203)   | (1,942)   | (1,942)   | (2,041)   |
| Withdrawals                         | (134,633)  | 122,600   | (1,292)   | (20,755)  | (121,417) | (108,390) | (112,576) | (96,552)  | (99,281)  | (94,809)  |

## 401(k) PLAN SUMMARY

|                                     | 2023      | 2022      | 2021      | 2020      | 2019      | 2018      | 2017        | 2016         | 2015         | 2014         |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|--------------|--------------|--------------|
| Additions: Contributions            | 102,893   | (429)     | 96        | 89        | 96,379    | 87,096    | 91,833      | 85,852       | 94,255       | 89,860       |
| Additions: Investment Returns       | 371,787   | 374       | 374       | 322       | 373,789   | (76,379)  | 257,286     | 124,407      | 4,757        | 106,157      |
| Loan Amount                         | 15,980    | 16,663    | 15,048    | 16,626    | 19,960    | 19,528    | 19,841      | 19,231       | 19,071       | 18,897       |
| Mutual Fund Reimbursements          | 791       | 792       | 374       | 933       | 1,309     | 1,469     | 1,054       | 1,030        | 1,062        | 972          |
| Participant Accounts                | 32        | 35,613    | 39,954    | 36,147    | 32,548    | 33        | 32          | 33           | 34           | 34           |
| Deferring Participants              | 16        | 19,187    | 19,187    | 211,219   | 17,230    | 18        | 18          | 18           | 19           | 20           |
| Number of Loans*                    | 2         | 5         | 4         | 3         | 2         | 2         | 2           | 3            | 3            | 3            |
| <b>Total Fiduciary Net Position</b> | 2,638,409 | 2,316     | 2,778     | 2,454     | 2,165     | 1,827     | 1,931       | 1,698        | 1,585        | 1,588        |
| Plan Administration Fees*           | (4,070)   | (3,816)   | (3,935)   | (3,578)   | (3,583)   | (2,842)   | (2,927)     | (2,349)      | (2,331)      | (2,513)      |
| Withdrawals                         | (160,744) | (136,477) | (150,175) | (119,796) | (129,392) | (113,827) | (1,138,166) | (96,555,381) | (99,554,689) | (91,201,808) |

## 403(b) PLAN SUMMARY

|                                     | 2023    | 2022    | 2021    | 2020       | 2019    | 2018    | 2017   | 2016   | 2015   | 2014   |
|-------------------------------------|---------|---------|---------|------------|---------|---------|--------|--------|--------|--------|
| Additions: Contributions            | 2,774   | 2,540   | 2,551   | 4,727      | 3,024   | 2,363   | 2,535  | 2,664  | 2,656  | 2,761  |
| Additions: Investment Returns       | 18,508  | 415     | 418     | 15,419,860 | 20,198  | (4,284) | 14,660 | 7,100  | (77)   | 6,888  |
| Loan Amount                         | 253     | 86      | 416     | 494        | 464     | 413     | 369    | 363    | 344    | 365    |
| Mutual Fund Reimbursements          | 58      | 105     | 88      | 4          | 72      | 91      | 54     | 56     | 79     | 61     |
| Participant Accounts*               | 873     | 804     | 804     | 775        | 784     | 782     | 780    | 777    | 784    | 784    |
| Deferring Participants*             | 363     | 265     | 265     | 324        | 339     | 346     | 346    |        |        |        |
| Number of Loans*                    | 20      | 29      | 29      | 29         | 29      | 32      | 32     | 32     | 32     | 32     |
| <b>Total Fiduciary Net Position</b> | 117,931 | 105,992 | 131,311 | 117,365    | 103,325 | 91,038  | 99,330 | 88,029 | 82,506 | 86,497 |
| Plan Administration Fees            | (138)   | (136)   | (149)   | (140)      | (152)   | (128)   | (143)  | (116)  | (118)  | (131)  |
| Withdrawals                         | (9,380) | 9,285   | 6,789   | 6,037      | 10,955  | 6,333   | 6,103  | 4,191  | 6,451  | 6,027  |

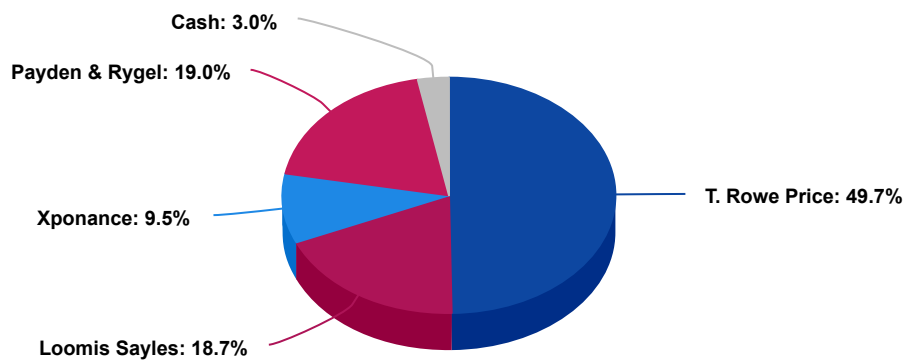
## 401(a) PLAN SUMMARY

|                                     | 2023     | 2022      | 2021      | 2020      | 2019        | 2018        | 2017        | 2016        | 2015      | 2014        |
|-------------------------------------|----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|-----------|-------------|
| Additions: Contributions            | 12,249   | -         | -         | 33,118    | 16,554      | 35,822      | 35,822      | 16,363      | 97,500    | 28,148      |
| Additions: Investment Returns       | 36,725   | 31,568    | 41,285    | 31,640    | 39,321      | (7,568)     | 27,750      | 14,140      | 567       | 13,953      |
| Mutual Fund Reimbursements          | 81       | 81,018    | 88,034    | 112,313   | 127         | 159         | 107         | 117         | 128       | 116         |
| Participant Accounts                | 38       | 24,796    | 25,580    | 26,973    | 28,755      | 29,397      | 29,397      | 32,175      | 33,681    | 35,322      |
| Deferring Participants              | 10       | -         | -         | -         | -           | -           | -           | -           | -         | -           |
| <b>Total Fiduciary Net Position</b> | 243,134  | 205,565   | 257,775   | 228,529   | 207,508     | 178,289     | 195,848     | 176,934     | 171,152   | 180,097     |
| Plan Administration Fees*           | (325)    | (308,081) | (327,983) | (112,313) | (310,357)   | (245,674)   | (264,863)   | (827,950)   | (218,807) | (247,229)   |
| Withdrawals                         | (11,912) | 11,935    | (11,820)  | (10,641)  | (9,935,402) | (9,940,434) | (9,218,727) | (8,279,501) | (930,318) | (7,460,646) |

\* actual number, not in thousands

Due to a modification of the reporting format of this schedule implemented for calendar year 2023, the historical data for calendar years 2014 through 2022 may not conform to the updated reporting format. Please see the audited financial statements for those years, available on the MSRP website, for the most accurate data.

## Stable Value Manager Diversification





# MSRP Contribution Limits

## For Calendar Year 2023

| PLAN  | Calendar Year 2023 LIMIT                               |
|---|--|
| 457(b) Deferred Compensation Plan   | Up to 100% of compensation, but not more than \$22,500 |
| 403(b) Tax Sheltered Annuity Plan   | Up to 100% of compensation, but not more than \$22,500 |
| 401(k) Savings & Investment Plan  | Up to 100% of compensation, but not more than \$22,500 |
| When participating in <i>both</i> the 457(b) Plan and the 401(k) Plan [or 403(b)], one may contribute \$20,500 a year to each Plan for a potential combined contribution of \$45,000. |  |

| CATCH-UP PROVISION           | Calendar Year 2023 LIMIT  |
|------------------------------|---|
| Catch-Up for Age 50 and Over | Employees over 50 years old may make catch-up contributions to the 457(b), 403(b) and 401(k) Plans over and above the 401(k) and other limits. The amount of these contributions is \$7,500 per Plan in 2023. |
| Special 457(b) Catch-Up      | Assuming prior years of employment contributing less than the maximum, the limit on special catch-up contributions in the 457(b) Plan is double the \$22,500 regular deferral limit, or \$45,000 in 2023.     |

| Calendar Year 2023         | Maximum Deferral/ Contribution Limit                                     | Deferral/ Contribution Limit plus Age 50 Catch-Up                       | Special 457(b) Catch-Up Deferral Limit   |
|----------------------------|--|---|--|
|                            | If you're <i>less than age 50</i> this year, you may defer as much as... | If you're <i>at least age 50</i> this year, you may defer as much as... | If you have <i>three years before the year you will retire</i> , you may defer as much as... |
| 457(b) Plan                | \$22,500   | \$30,000  | \$45,000   |
| 401(k) Plan or 403(b) Plan | \$22,500   | \$30,000  | \$30,000<br>(Use Age 50 Catch-Up)  |
| <b>TOTAL</b>               | <b>\$45,000</b>  | <b>\$60,000</b>   | <b>\$75,000</b>  |



# 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 72 (73 if you reach age 72 after Dec. 31, 2022).

## **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.*



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# Glossary

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Annual Comprehensive Financial Report 2023



## 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/contribution.

**Deferring/Contributing Participants.** Those participating employees who made a deferral/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/Contributions Per Participant.** Calculated by dividing the dollar value of "TOTAL Deferrals/Contributions" in all Plans combined by the number of "TOTAL Deferring/Contributing 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, balanced 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.



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