



**MSRP**

*Maryland  
Teachers & State Employees  
Supplemental Retirement Plans*

457 • 401(k) • 403(b) • Match

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*Visit the MSRP Board website at  
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*Call About the Plans, the Match,  
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1-800-545-4730  
or Enroll on-line at  
[www.MarylandDC.com](http://www.MarylandDC.com)*

December 2008

Dear Plan Participants:

We are pleased to submit the Annual Financial Report for the Maryland Teachers and State Employees Supplemental Retirement Plans for the calendar year ended December 31, 2007. During 2007, the combined plans experienced strong growth in several areas. At year end, for example, participant contributions to the plans rose to an all time high of \$184,956,227; an overall increase of 5.6% over 2006. In addition, the number of participants in the plans combined increased by 2.4% in 2007. The total number of participants for all plans was 61,101. At year end, the net assets for all plans combined equaled \$2,492,461,652, which is 6.1% higher than last year.

The annual report includes program highlights, charts on plan growth during the year, comparative statistical data on participant activity, program analysis of invested plan assets and a detailed report of the Board Income & Expenditures. Specifically,

### Employee Match Continues

We are pleased to report that Governor Martin O'Malley has approved the State employee match of \$600 for eligible State employees. Last year the statewide match contributed was \$20,722,388 to most deferring participant accounts, which is more than any previous calendar year. During the year, the average annual contributions by deferring participants rose to \$3,925 (excluding the match) which was 2.5% more than the prior year.

### Educational Seminars

MSRP Board Staff participated in 61 pre-retirement seminars, hosted 129 informational booths, and conducted:

- 24 orientation/investment option seminars,
- 2 financial 101 seminars,
- 10 Lunch and Learn Seminars (Began in 2007),
- 129 financial workshops, and
- 435 one-on-one sessions during the year.

Nearly 15,500 State employees attended these seminars and information booths. In addition, Nationwide Retirement Solutions conducted 630 group meetings across the State with 11,774 employees attending. We are very pleased with the enthusiasm of the participants and their feedback regarding our educational seminars. During the year 1,680 State employees that were surveyed after attending the field seminars rated them as "Excellent" or "Very Good". During the year, MSRP staff began an education initiative called "on-the-go series" or "Lunch

and Learn Seminars.” The response from these concise seminars has been tremendous. The seminars generally last 45 minutes and provide participants with “food for thought” about savings for retirement and other areas of financial planning.

### **Mutual Fund Savings Program**

The mutual fund savings program returned \$3,178,679 to participants invested in the mutual funds participating in the reimbursement program. This reimbursement exceeds the prior year by 27.4% and tops every previous calendar year total.

### **Nationwide Retirement Solutions**

We are very pleased to continue our relationship with Nationwide Retirement Solutions (NRS) for another 5 years. As result of a successful competitive procurement, we have a new contract with NRS and our participant plan fees have been reduced from 0.28% to 0.19% effective calendar year 2008. This change in fee results in participant savings of nearly 32% annually.

This annual report reflects the efforts of the Board Staff under the direction of the Board of Trustees. We extend our gratitude to the Chair and each Member of the Board, to Board Counsel, to Board Staff, to the Board’s Advisors and all others who helped make this year a success. We appreciate their continued support.



Michael T. Halpin, CRC, CRA  
Executive Director



Debra L. Roberts, CPA  
Director of Finance

**Martin O'Malley**

*Governor*

**Anthony G. Brown**

*Lieutenant Governor*

**T. Eloise Foster**

*Chairperson, Board of Trustees*

**Michael T. Halpin, CRC CRA**

*Secretary / Executive Director*

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

**ANNUAL REPORT**

**For the calendar year ended December 31, 2007**



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*The CY2007 Annual Report is presented by the  
Maryland Teachers and State Employees  
Supplemental Retirement Plans  
Board of Trustees.*

## **THE BOARD**

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

The Governor selects three members from any of the following departments, agencies or boards: the Department of Budget and Management, the Department of Education, the Comptroller of the Treasury, the State Treasurer's Office, the Maryland State Retirement and Pension Systems or the Maryland Higher Education Commission.

Three other members are eligible to participate in one or more of the plans, and at least one is eligible for the 403(b) plan. Three additional members represent the general public and are not eligible to participate in the plans. At least one of these members has experience with defined contribution and salary reduction plans.

# About the Plans



The Maryland Supplemental Retirement Plans consist of:

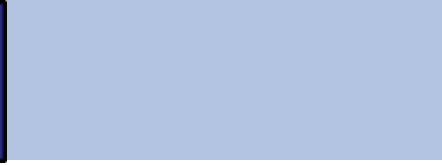
- a 457 Plan,
- a 401(k) Plan, and
- a 403(b) Plan .

The Plans are governed by Title 35 of the State Personnel and Pensions Article of the Maryland Annotated Code.

A Match of \$600 is provided to a 401(a) Plan for certain participants.

Title 35 of the State Personnel and Pensions Article authorizes the Board of Trustees to administer the Maryland Plans and requires the Board to pay all expenses from fees collected from Plan participants.





**BOARD CHAIRPERSON**

**The Honorable T. Eloise Foster**

Secretary,

Department of Budget and Management  
State of Maryland Agency Representative

**BOARD MEMBERS**

**Ms. Sabrina Bass**

403(b) Eligible Member

**Mr. Robert W. Black, CPA**

Public Member

**The Honorable Nancy K. Kopp**

Treasurer - State of Maryland  
State of Maryland Agency Representative

**Ms. Linda Tanton, Esq.**

Deputy Comptroller,  
Office of the Comptroller  
State of Maryland Agency Representative

**Mr. William W. Whitescarver**

Public Member

**Ms. Marcia Zercoe**

Public Member

**BOARD COMMITTEES**

*Investment Committee*

*Chairperson*

William Whitescarver

Sabrina Bass

Nancy Kopp

Marcia Zercoe

*Audit Committee*

Robert Black

Linda Tanton

T. Eloise Foster

# Board Staff



**Michael T. Halpin, CRC, CRA**

*Executive Director / Secretary to the Board*

**Anna Marie Smith**

*Executive Assistant*

**Dianne M. Raitzyk**

*Office Manager*

**Janet C. Wilt**

*Reservations Secretary*

**Jacquetta L. Robinson**

*Receptionist*

**Debra L. Roberts, CPA**

*Director of Finance*

**Bernice K. Weathers**

*Senior Accounting Specialist*

**Lillie M. Jones**

*Accounting Assistant*

**Julia I. Graham, CRC**

*Financial Field Representative*

**Louis A. Holcomb, Jr., CRC**

*Director of Participant Services*

**C. Jeanne Henry, ChFC**

*Financial Field Representative*

**Arvella Collins**

*Financial Field Representative*

**Richard A. Arthur**

*Director of Technology & Operations*

**Mirza C. Tumanon**

*Database Specialist*





*General Counsel*

John K. Barry, Esquire  
Assistant Attorney General

*Independent Auditors*

SB & Company, LLC  
Certified Public Accountants & Consultants

*Investment Contract Pool Manager*

Deutsche Asset Management

*Third Party Administrator*

Nationwide Retirement Solutions, Inc.

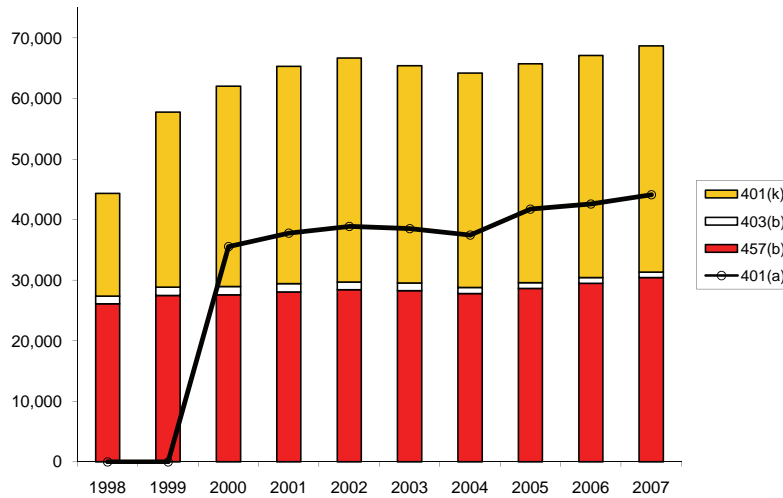
*General Pension Consultant & Investment Advisor*

Mercer Investment Consulting

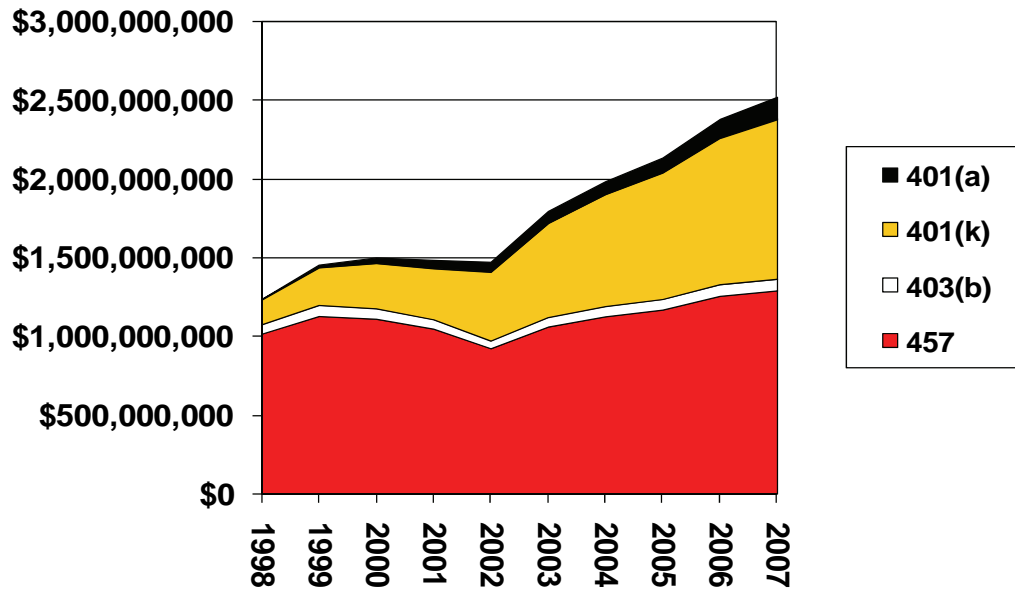
Board Advisors



## Participant Accounts Per Plan



## \$2.53 Billion in Plan Assets





The number of participants in the 457(b), 403(b) and 401(k) plans combined increased by 2.4% in 2007. The total participants for all of the plans was 61,101.

This year, participants/retirees withdrew 15.7% more than the year before—a record total of \$164,895,085.

In the same period, contributions to the plans rose to an all time high of \$184,956,227; an increase of 5.6% over 2006.

At year end, the net assets for all of the plans equaled \$2,525,588,129 which is 5.9% higher than the year before.

The average MSRP balance per participant rose to \$40,792—3.6% higher than 2006.

The average contribution by deferring participants rose to \$3,925 not including a Match—2.5% more than the prior year.

The State Match contributed \$20,722,388 to most deferring participant accounts, which is more than any other previous calendar year.

The MSRP mutual fund savings program returned \$3,178,679 to participants invested in the mutual funds participating in the reimbursement program. This is 27.4% higher than the prior year.

MSRP Board Staff participated in 61 pre-retirement seminars, hosted 129 informational booths, and conducted:

- 24 orientation/investment option seminars,
- 2 financial 101 seminars,
- 10 lunch and learn seminars,
- 129 financial workshops, and
- 435 one-on-one sessions during the year.

About 15,500 State employees attended these seminars and booths. Nationwide Retirement Solutions conducted 630 group meetings across the State with 11,774 employees attending.



# Invested Plan Assets

## 457(b) PLAN SUMMARY

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Participant Accounts	30,411	29,487	28,614	27,777	28,294
Deferring Participants	18,243	17,444	16,701	16,314	16,461
Total Net Assets	\$1,293,458,255	\$1,259,015,854	\$1,170,974,820	\$1,128,146,822	\$1,062,800,364
Contributions	\$66,712,955	\$65,689,386	\$57,805,559	\$55,252,547	\$53,138,993
Investment Return	\$66,180,893	\$111,222,386	\$62,425,619	\$88,629,416	\$152,088,972
Withdrawals	(\$96,221,412)	(\$86,526,003)	(\$75,307,660)	(\$76,922,437)	(\$65,777,380)
Mutual Fund Reimbursements	\$1,510,268	\$1,218,067	\$1,320,784	\$1,093,117	\$1,031,594
Plan Administration Fees*	(\$3,577,699)	(\$3,437,543)	(\$3,331,462)	(\$2,609,053)	(\$2,892,684)
Number of Loans	1,109	800	969	756	302
Loan Amount	\$9,006,867	\$7,704,419	\$6,507,222	\$5,135,942	\$2,284,823

## 401(k) PLAN SUMMARY

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Participant Accounts	37,366	36,709	36,147	35,400	35,867
Deferring Participants	26,375	26,220	26,006	25,680	28,422
Total Net Assets	\$1,014,687,132	\$929,638,371	\$802,055,762	\$709,710,027	\$594,654,567
Contributions	\$94,729,303	\$88,740,454	\$86,342,964	\$84,646,299	\$85,530,045
Investment Return	\$48,776,621	\$87,263,402	\$45,139,069	\$61,227,785	\$102,909,184
Withdrawals	(\$56,946,200)	(\$47,009,239)	(\$37,809,148)	(\$29,311,067)	(\$27,629,302)
Mutual Fund Reimbursements	\$1,325,748	\$1,014,160	\$915,010	\$665,007	\$686,974
Plan Administration Fees*	(\$2,836,711)	(\$2,426,168)	(\$2,242,160)	(\$2,172,564)	(\$1,873,474)
Number of Loans	1,546	1,236	1,442	1,140	1,093
Loan Amount	\$9,746,492	\$8,449,537	\$7,139,280	\$6,033,616	\$4,950,601



**403(b) PLAN SUMMARY**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Participant Accounts	926	938	982	1,023	1,242
Deferring Participants	368	348	374	379	446
Total Net Assets	\$74,397,765	\$74,571,307	\$69,336,969	\$67,323,565	\$62,962,338
Contributions	\$2,791,581	\$2,771,994	\$2,895,313	\$2,637,312	\$2,661,956
Investment Return	\$4,056,195	\$7,826,156	\$4,027,072	\$6,237,768	\$12,292,184
Withdrawals	(\$6,973,190)	(\$5,286,574)	(\$4,848,153)	(\$4,416,482)	(\$3,513,266)
Mutual Fund Reimbursements	\$167,454	\$126,326	\$147,405	\$122,028	\$83,478
Administration Fees*	(\$215,582)	(\$203,564)	(\$208,233)	(\$219,399)	(\$199,478)
Number of Loans	7	6	8	9	8
Loan Amount	\$156,384	\$177,425	\$153,475	\$182,283	\$228,243

**401(a) PLAN SUMMARY**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Participant Accounts	44,119	42,596	41,746	37,452	38,525
Deferring Participants	—	—	—	—	—
Total Net Assets	\$143,044,977	\$121,547,495	\$95,884,720	\$81,823,548	\$76,781,081
Contributions	\$20,722,388	\$17,986,400	\$11,891,617	\$19,092	\$2,486,316
Investment Return	\$5,724,281	\$11,473,276	\$5,114,213	\$7,403,571	\$14,743,893
Withdrawals	(\$4,754,283)	(\$3,643,693)	(\$2,809,622)	(\$2,206,489)	(\$1,786,887)
Mutual Fund Reimbursements	\$175,209	\$135,911	\$118,206	\$88,561	\$172,182
Administration Fees*	(\$370,113)	(\$289,206)	(\$253,155)	(\$262,268)	(\$229,989)
Number of Loans	n/a	n/a	n/a	n/a	n/a
Loan Amount	n/a	n/a	n/a	n/a	n/a

\*Plan Administration Fees consist of the 0.28% charges shown on quarterly participant statements in 2007 and 2006.

**Sources:**

1. *SB & Company 2007 and 2006 Financial Statements*
2. *Nationwide Retirement Solutions, Inc.*





**2007 TOTALS FOR ALL PLANS**

Participants in Multiple Plans	7,602
TOTAL Participants	61,101
Average Combined Plan Assets by Participant	\$40,792
Participants with Multiplan Deferrals	3,145
TOTAL Deferring Participants	41,841
Average Annual Deferrals per Participant	\$4,420
Participants with Multiplan Payouts	179
TOTAL Participants with Systematic Payouts	3,116

**457(b) DEFERRED COMPENSATION PLAN**

**403(b) TAX DEFERRED ANNUITY PLAN**

	<u>2007</u>	<u>2006</u>		<u>2007</u>	<u>2006</u>
Participants	30,411	29,487	Participants	926	938
Net New Enrollments	924	873	Net New Enrollments	-44	-12
Deferring Participants	18,243	17,444	Deferring Participants	368	348
Annuitants	603	648	Annuitants	3	3
Systematic Payouts	2,580	2,163	Systematic Payouts	66	35

**401(k) SAVINGS & INVESTMENT PLAN**

**401(a) MATCH PLAN**

	<u>2007</u>	<u>2006</u>		<u>2007</u>	<u>2006</u>
Participants	37,366	36,709	Participants	44,119	42,596
Net New Enrollments	657	562			
Deferring Participants	26,375	26,220			
Annuitants	4	2			
Systematic Payouts	649	582			



**Participants.** Those who have an account value, including those who are receiving systematic withdrawals and those who have recently enrolled in the plans and are awaiting their first deferral.

**Deferring Participants.** Those participating employees who made a contribution to the plan 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.** Participants who are receiving withdrawals from the plans with remaining balances invested in the plan(s).

**Average Deferrals per Participant.** Calculated by dividing the dollar value of "Total Deferrals" in all plans combined by the number of "TOTAL Deferring Participants" at year-end.

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

**Sources:**

1. Nationwide Retirement Solutions, Inc. Administrator's Report.
2. Nationwide Retirement Solutions, Inc.
3. Clifton Gunderson LLP. Financial Statements.
4. Maryland Teachers and State Employees Supplemental Retirement Plans.



# Board Income & Expenditures

The MSRP Board administers the Maryland Plans using only special fund revenue. No State general funds or other external source of income is available. The Board receives revenue through charging participant fees, as those fees are reported on quarterly account statements to participants.

Effective January 1, 2007, the Board held the plan administration fee to participants at 0.28% of plan assets, increasing only the annual cap to \$2,000 per plan

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Total Revenues</b>	<b>\$1,253,058</b>	<b>\$1,122,892</b>	<b>\$1,394,092</b>	<b>\$1,957,150</b>
<b>Expenditures</b>				
Salaries, Wages, Etc.	\$976,558	\$954,275	\$914,122	\$1,026,554
Technical & Special Fees	1,797	1,179	8,616	12,386
Communications	31,368	8,851	29,931	10,131
Travel	16,753	21,955	11,822	24,229
Contractual Services	215,883	217,410	248,172	229,405
Supplies and Materials	10,032	13,365	14,545	13,878
Equipment & Furnishings	9,432	0	14,393	2,962
Fixed Charges	109,436	103,646	105,497	101,016
<b>Total Expenditures</b>	<b>\$1,371,259</b>	<b>\$1,320,681</b>	<b>\$1,347,098</b>	<b>\$1,420,561</b>
<b>Revenues Less Expenditures</b>	<b>-\$118,201</b>	<b>-\$197,789</b>	<b>\$46,994</b>	<b>\$536,589</b>
Adjustments for timing	0	\$11,678	0	\$68,604
<b>Reserve Balance</b>	<b>\$546,152</b>	<b>\$701,871</b>	<b>\$887,982</b>	<b>\$887,759</b>



account. (0.05% is collected by the MSRP Board for staff, operating expenses and advisor contracts, and 0.23% is paid to Nationwide Retirement Solutions for the day to day servicing, support and record keeping for the plans.) The MSRP Board retains unexpended revenues in a reserve account for unanticipated necessary expenses or unexpected changes in revenue. Adjustments to these fees, or additional temporary charges may be made if necessary.

	<u>2003*</u>	<u>2002*</u>	<u>2001</u>	<u>2000</u>
<b>Total Revenues</b>	<b>\$2,081,848</b>	<b>\$1,432,306</b>	<b>\$1,140,436</b>	<b>\$1,957,150</b>
<b>Expenditures</b>				
Salaries, Wages, Etc.	\$1,079,734	\$1,106,109	\$1,025,819	\$1,026,554
Technical & Special Fees	7,945	12,079	13,553	12,386
Communications	18,698	12,759	40,029	10,131
Travel	25,737	26,884	41,543	24,229
Contractual Services	221,068	240,977	216,680	229,405
Supplies and Materials	14,594	27,646	11,531	13,878
Equipment & Furnishings	3,794	200	768	2,962
Fixed Charges	103,327	97,192	91,761	101,016
<b>Total Expenditures</b>	<b>\$1,474,897</b>	<b>\$1,523,846</b>	<b>\$1,441,684</b>	<b>\$1,420,561</b>
<b>Revenues Less Expendi-</b>	<b>\$606,951</b>	<b>(\$91,540)</b>	<b>(\$301,248)</b>	<b>\$536,589</b>
Adjustments for timing	0	0	0	\$68,604
<b>Reserve Balance</b>	<b>\$282,566</b>	<b>(\$23,399)</b>	<b>(\$88,614)</b>	<b>\$887,759</b>

\*The Board of Trustees had reduced fees and spent down reserve funds, but an unusually strong drop in market values of plan assets further reduced fee revenue below projections. Board Revenues in 2003 were the result of an annualized asset fee of 0.11% plus a special fee of \$6 per plan account collected in March 2003. Board Revenues in 2002 were the result of an annualized asset fee of 0.11% plus a special fee of \$8 per plan account collected in March 2002.



The MSRP Board of Trustees has developed an original and effective Reimbursement Program for their supplemental retirement plan participants. The MSRP Mutual Fund Reimbursement Program is designed to refund participants part of the annual operating expenses (“expense ratio”) of certain mutual funds. Mutual fund operating expenses are disclosed in each fund prospectus. Those expenses are deducted by the mutual fund manager before stating gains/losses or the daily net asset value (NAV). This MSRP Mutual Fund Reimbursement Program is not typically offered by other retirement savings or investment programs.

At the Board’s direction, reimbursements are used to buy additional shares in the applicable funds on a regular basis. These shares are then distributed to participants’ accounts on a quarterly schedule. In 2007, the mutual funds in the MSRP Mutual Fund Reimbursement Program refunded nearly \$3.2 million back to participant accounts, over \$19 million has been returned to MSRP participants since 1995, when the MSRP Mutual Fund Reimbursement Program began. State participants can look for reimbursements on their quarterly account statement under the heading “Mutual Fund Savings”.

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

Mutual Fund Name	Prospectus Date	Expense Ratio	12 (b)-1	Mutual Fund Reimbursement
Fidelity Puritan Fund	11/20/2007	0.60%	-	0.25%
Legg Mason Value Trust – Institutional Class	08/01/2007	0.70%	-	Average 0.06%
Neuberger Berman Partners Fund – Inst’l Class	12/17/2007	0.66%	-	0.10%
Vanguard Institutional Index Fund – Inst’l Plus	04/27/2007	0.025%	-	-
Growth Fund of America – Class A	11/01/2007	0.64%	0.25%	0.25%
Goldman Sachs Large Cap Value Fund – Inst’l Class	12/31/2007	0.79%	-	0.15%
Dreyfus Midcap Index Fund	06/11/2007	0.50%	-	0.30%
Van Kampen MidCap Growth Fund – Class A	07/31/2007	1.26%	0.25%	0.40%
Lord Abbett Mid-Cap Value Fund – Class A	09/14/2007	1.03%	0.30%	0.40%
Vanguard Small-Cap Growth Index Fund – Inst’l Shares	04/27/2007	0.08%	-	-
T. Rowe Price Small Cap Stock Fund	05/01/2007	0.91%	-	0.10%
Vanguard Small-Cap Value Index Fund – Inv Shares	04/27/2007	0.23%	-	-
EuroPacific Growth Fund – Class A	06/01/2007	0.79%	0.25%	0.25%
Vanguard Total International Stock Index Fund	02/28/2007	0.32%	-	-
T. Rowe Price Target Retirement Funds (Income Fund to 2055)	10/01/2007	0.56-0.74%	-	0.10%
PIMCO Total Return Fund – Inst’l Class	07/31/2007	0.43%	-	-
Vanguard Prime Money Market Fund – Inst’l Class	12/28/2007	0.08%	-	-



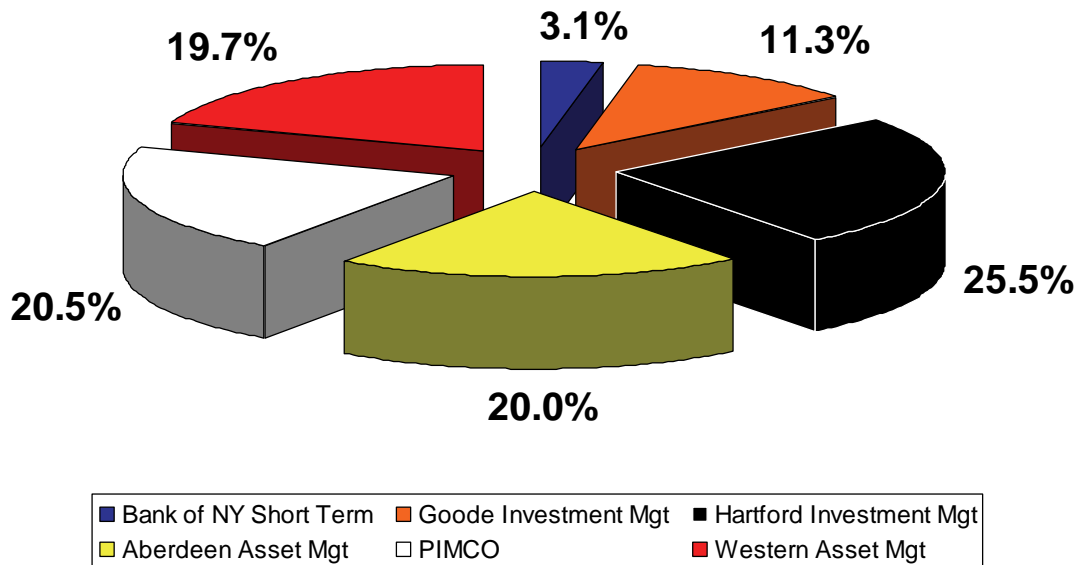


Effective Periods	Participant Blended Rate
1st Quarter 2007	4.99%
2nd Quarter 2007	4.85%
3rd Quarter 2007	4.89%
4th Quarter 2007	4.87%

Performance	Participant Returns
1 Year	4.90%
3 Years	4.65%
5 Years	4.59%

**Stable Value Manager Diversification**  
Directed by Deutsche Asset Management





Investment Performance Report—Traditional Options

Mutual Fund Name	Morningstar Category	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date
<b>Short-Term Investments [403(B) Only]</b>							
Vanguard Prime Money Market Fund Inst Current Yield: 4.73%	Money Market Fund	5.30%	4.53%	3.19%	3.93%	4.63%	10/03/89
<i>Citigroup 3-month T-bill</i>	<i>Money Market Index</i>	<i>4.74%</i>	<i>4.16%</i>	<i>2.95%</i>	<i>3.62%</i>		<i>n/a</i>
<b>Bonds</b>							
PIMCO Total Return Fund Inst	Intermediate-Term Bond	9.08%	5.29%	5.32%	6.74%	8.36%	05/11/87
<i>Lehman Brothers US Aggregate Bond</i>	<i>Intrmed-Term Bnd Index</i>	<i>6.96%</i>	<i>4.56%</i>	<i>4.42%</i>	<i>5.97%</i>		<i>n/a</i>
<b>Balanced</b>							
Fidelity Puritan Fund	Moderate Allocation	6.17%	8.45%	11.24%	7.21%	11.63%	04/16/47
<i>60% S&amp;P 500/40% Lehman Bros Agg Bd</i>	<i>Balanced Index</i>	<i>6.22%</i>	<i>7.07%</i>	<i>9.51%</i>	<i>6.26%</i>		<i>n/a</i>
<b>Large-Cap Stocks</b>							
Neuberger Berman Partners Fund Inst	Large Blend	10.24%	13.80%	19.01%	7.21%	14.98%	01/17/75
Legg Mason Value Trust IC	Large Blend	-5.73%	2.34%	11.94%	8.99%	15.54%	12/01/94
Vanguard Institutional Index Fund IP	Large Blend	5.50%	8.63%	12.84%	5.98%	6.41%	07/07/97
<i>Standard &amp; Poor's 500 Index</i>	<i>Large Cap Blend Index</i>	<i>5.49%</i>	<i>8.62%</i>	<i>12.83%</i>	<i>5.91%</i>		<i>n/a</i>
Growth Fund of America	Large Growth	10.95%	12.03%	15.91%	11.44%	15.30%	11/30/73
<i>Russell 1000 Growth</i>	<i>Large Cap Growth Index</i>	<i>11.81%</i>	<i>8.68%</i>	<i>12.10%</i>	<i>3.83%</i>		<i>n/a</i>
Vanguard Value Index Fund	Large Value	0.09%	9.40%	14.82%	6.65%	11.24%	11/02/92
<i>MSCI US Prime Market Value Index</i>	<i>Large Cap Value Index</i>	<i>0.22%</i>	<i>9.57%</i>	<i>14.52%</i>	<i>7.70%</i>		<i>n/a</i>
Goldman Sachs Large Cap Value Inst	Large Value	3.89%	9.49%	14.48%	n/a	7.69%	12/15/99
<i>Russell 1000 Value</i>	<i>Large Cap Value Index</i>	<i>-0.17%</i>	<i>9.32%</i>	<i>14.63%</i>	<i>7.68%</i>		<i>n/a</i>
<b>Mid-Cap Stocks</b>							
Dreyfus MidCap Index Fund	Mid-Cap Blend	7.56%	9.81%	15.68%	10.63%	13.44%	06/19/91
<i>S&amp;P 400 Midcap</i>	<i>Mid Cap Blend Index</i>	<i>7.98%</i>	<i>10.27%</i>	<i>16.20%</i>	<i>11.19%</i>		<i>n/a</i>
Van Kampen Midcap Growth Fund A	Mid-Cap Growth	22.37%	16.19%	19.34%	10.76%	15.70%	12/27/95
<i>Russell Midcap Growth</i>	<i>Mid-Cap Growth Index</i>	<i>11.43%</i>	<i>11.39%</i>	<i>17.90%</i>	<i>7.59%</i>		<i>n/a</i>
Lord Abbett MidCap Value A	Mid-Cap Value	0.54%	6.91%	13.63%	11.38%	12.76%	06/28/83
<i>Russell Midcap Value</i>	<i>Mid-Cap Value Index</i>	<i>-1.42%</i>	<i>10.11%</i>	<i>17.92%</i>	<i>10.18%</i>		<i>n/a</i>
<b>Small-Cap Stocks</b>							
T. Rowe Price Small Cap Stock Fund	Small Blend	4.70%	8.59%	15.02%	9.05%	13.60%	06/01/56
<i>Russell 2000 Blend</i>	<i>Small-Cap Blend Index</i>	<i>-1.57%</i>	<i>6.80%</i>	<i>16.25%</i>	<i>7.08%</i>		<i>n/a</i>
Vanguard Small Cap Growth Index Fund	Small-Cap Growth	9.78%	10.23%	17.38%	n/a	9.31%	05/24/00
<i>MSCI US Small Cap Growth</i>	<i>Small Cap Growth Index</i>	<i>9.71%</i>	<i>10.14%</i>	<i>18.46%</i>	<i>8.50%</i>		<i>n/a</i>
Vanguard Small Cap Value Index Fund IS	Small-Cap Value	-7.07%	5.53%	14.78%	n/a	8.25%	05/21/98
<i>MSCI Small Cap Value</i>	<i>Small Cap Value Index</i>	<i>-6.94%</i>	<i>5.71%</i>	<i>16.10%</i>	<i>9.61%</i>		<i>n/a</i>
<b>International Stocks</b>							
EuroPacific Growth Fund A	Foreign Large Blend	18.96%	20.64%	22.81%	11.91%	14.17%	04/16/84
<i>MSCI EAFE (Net)</i>	<i>International Index</i>	<i>11.17%</i>	<i>16.83%</i>	<i>21.59%</i>	<i>8.66%</i>		<i>n/a</i>
Vanguard Total Internatl Stock Index Fund	Foreign Large Blend	15.52%	19.13%	23.45%	9.44%	8.01%	04/29/96
<i>MSCI All Country World Ex US</i>	<i>International Index</i>	<i>16.65%</i>	<i>19.88%</i>	<i>24.02%</i>	<i>n/a</i>		<i>n/a</i>



Mutual Fund Name	Morningstar Category	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date
<b>Retirement Funds</b>							
T. Rowe Price Retirement Income Fund	Target Date 2000-2014	6.09%	6.94%	8.89%	n/a	9.37%	09/30/02
<i>Combined Index Portfolio Income</i>		<i>6.30%</i>	<i>6.85%</i>	<i>8.31%</i>	<i>n/a</i>		<i>n/a</i>
T. Rowe Price Retirement 2005 Fund	Target Date 2000-2014	6.67%	7.88%	n/a	n/a	8.05%	02/27/04
<i>Combined Index Portfolio 2005</i>		<i>6.77%</i>	<i>7.75%</i>	<i>n/a</i>	<i>n/a</i>		<i>n/a</i>
T. Rowe Price Retirement 2010 Fund	Target Date 2000-2014	6.65%	8.54%	11.95%	n/a	12.61%	09/30/02
<i>Combined Index Portfolio 2010</i>		<i>6.77%</i>	<i>7.75%</i>	<i>n/a</i>	<i>n/a</i>		<i>n/a</i>
T. Rowe Price Retirement 2015 Fund	Target Date 2015-2029	6.75%	9.01%	n/a	n/a	9.32%	02/27/04
<i>Combined Index Portfolio 2015</i>		<i>6.85%</i>	<i>8.74%</i>	<i>n/a</i>	<i>n/a</i>		<i>n/a</i>
T. Rowe Price Retirement 2020 Fund	Target Date 2015-2029	6.73%	9.46%	13.52%	n/a	14.40%	09/30/02
<i>Combined Index Portfolio 2020</i>		<i>6.84%</i>	<i>9.11%</i>	<i>12.84%</i>	<i>n/a</i>		<i>n/a</i>
T. Rowe Price Retirement 2025 Fund	Target Date 2015-2029	6.81%	9.82%	n/a	n/a	10.33%	02/27/04
<i>Combined Index Portfolio 2025</i>		<i>6.83%</i>	<i>9.50%</i>	<i>n/a</i>	<i>n/a</i>		<i>n/a</i>
T. Rowe Price Retirement 2030 Fund	Target Date 2030+	6.83%	10.29%	14.76%	n/a	15.69%	09/30/02
<i>Combined Index Portfolio 2030</i>		<i>6.81%</i>	<i>9.93%</i>	<i>14.27%</i>	<i>n/a</i>		<i>n/a</i>
T. Rowe Price Retirement 2035 Fund	Target Date 2030+	6.81%	10.27%	n/a	n/a	10.73%	02/27/04
<i>Combined Index Portfolio 2035</i>		<i>6.76%</i>	<i>9.96%</i>	<i>n/a</i>	<i>n/a</i>		<i>n/a</i>
T. Rowe Price Retirement 2040 Fund	Target Date 2030+	6.77%	10.31%	14.76%	n/a	15.75%	09/30/02
<i>Combined Index Portfolio 2040</i>		<i>6.84%</i>	<i>9.11%</i>	<i>12.84%</i>	<i>n/a</i>		<i>n/a</i>
T. Rowe Price Retirement 2045 Fund	Target Date 2030+	6.84%	n/a	n/a	n/a	12.63%	05/31/05
<i>Combined Index Portfolio 2045</i>		<i>6.76%</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>		<i>n/a</i>
T. Rowe Price Retirement 2050 Fund	Target Date 2030+	6.82%	n/a	n/a	n/a	6.79%	12/29/06
<i>Combined Index Portfolio 2050</i>		<i>6.84%</i>	<i>9.11%</i>	<i>12.84%</i>	<i>n/a</i>		<i>n/a</i>
T. Rowe Price Retirement 2055 Fund	Target Date 2030+	6.82%	n/a	n/a	n/a	6.79%	12/29/06
<i>Combined Index Portfolio 2055</i>		<i>6.76%</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>		<i>n/a</i>

# GLOSSARY

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## Rates of Returns

**Rates of Returns.** The rates of returns are net of the fund's annual operating expenses. They are 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 beta are measured relative to the S&P 500 Index, a measure of broad market activity. The Standard & Poors 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. Exempt from state and local taxes.

**50% S&P/50% Lehman Bros. Aggregate Bond.** This is the 50% S&P 500 and 50% Lehman Brothers Aggregate Bond Index. The Standard & Poor's 500 Index is a broad-based measurement of stock market conditions, as 70% of U.S. equity is tracked by the S&P 500. The index 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. The Lehman Brothers Aggregate Bond Index is a mix of government, corporate, mortgage-backed, asset-backed, and Yankee bonds.

**MSCI EAFE Index.** The Morgan Stanley Capital International (MSCI) Europe, Australia, and the Far East (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 3000 Index, representing 10% of the total U.S. equity market.

**60% S&P/40% Lehman Bros. Aggregate Bond.** This is the 60% S&P 500 and 40% Lehman Brothers Aggregate Bond Index. The Standard & Poor's 500 Index is a broad-based measurement of stock market conditions, as 70% of U.S. equity is tracked by the S&P 500. The index consists of 500 stocks chosen for market size, liquidity, and industry group presentation. It is a market weighted index, with each stock's weight proportionate to its market size. The Lehman Brothers Aggregate Bond Index is a mix of government, corporate, mortgage-backed, asset-backed, and Yankee bonds.

## GLOSSARY (continued)

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**Standard & Poor's 500 Index.** This index is a broad-based measurement of stock market conditions, as 70% of U.S. equity is tracked by the S&P 500. The index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighed index, with each stock's weight proportionate to its market value.

**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 Bros. Intermediate Gov't Bond Index.** Includes Government Index Issues with a time to maturity between 1 and 10 years.

### Medians

**Fixed Income – Short Term. Median.** This universe includes funds defined by Morningstar as Short-Term Bond. Short-Term Bond 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 mid point of this universe.

**Large Cap Blend Median.** This universe includes funds defined by Morningstar as Large Blend. Large Blend funds invest in a combination of Large Cap Growth and Large Cap Value stocks. The return represents the mid point 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 mid-point of this universe.

**Mid Cap Growth Median.** This universe includes funds defined by Morningstar as Mid-Cap Growth. Mid-Cap Growth funds primarily invest in stocks of mid-sized companies which are growing at faster than average rates. The return represents the mid point 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. Small Blend

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## Companies included in MSRP

Aberdeen Asset Management

American Funds, of the Capital Group Companies

Bank of America, N.A.

Bank of New York Mellon, The

DB Advisors, of Deutsche Bank Trust Company Americas

Dreyfus Funds, a BNY Mellon Asset Management Company

Fidelity Investments

Goldman Sachs Funds

Goode Investment Management

Great-West Life & Annuity Insurance Co., Power Financial Corporation

Hartford Investment Management Co., The Hartford Financial Services Group, Inc.

Legg Mason Investment Management

Lord Abbett Funds

Monumental Life Insurance Co., a member of the AEGON Insurance Group

Nationwide Retirement Solutions, Inc. , Nationwide Financial

Natixis Financial Products Inc., a listed subsidiary of two major banking groups -  
Caisse d'Epargne and Banque Populaire

Neuberger Berman Funds, a Lehman Brothers company

PIMCO (Pacific Investment Management Company), a subsidiary of Allianz SE

Prudential Insurance Co.

Royal Bank of Canada

T. Rowe Price Funds

Van Kampen Funds, subsidiary of Morgan Stanley

Vanguard Funds

## Maryland Supplemental Retirement Plans — Comparison Chart 2007

Questions	457 Deferred Compensation Plan	401(k) Savings & Investment Plan	403(b) Tax Deferred Annuity Plan
Who's eligible to participate?	All State employees.	All State employees.	State educational institution employees.
Are payroll deductions pre-tax?	Yes (but not for FICA)	Yes (but not for FICA)	Yes (but not for FICA)
What's the minimum I may contribute?	\$5 per bi-weekly pay.	\$5 per bi-weekly pay.	\$5 per bi-weekly pay.
What's the maximum I may contribute?	\$15,500 in CY2007.	\$15,500 in CY2007.	\$15,500 in CY2007.
May I "catch-up" in a later year?	Age 50 Catch-Up Provision: \$5,000 in CY2007. Special 457 Catch-Up provision available within 3 years of retirement (See At A Glance for details)	Age 50 Catch-Up Provision: \$5000 in CY2007	Age 50 Catch-Up Provision: \$5000 in CY2007
How often may I change my contribution amount?	Unlimited.	Unlimited	Unlimited
What are the costs to participate?	0.28% of your account value per year, plus an annual fee if applicable. No account will be charged more than \$2,000 in asset fees.*	0.28% of your account value per year, plus an annual fee if applicable. No account will be charged more than \$2,000 in asset fees.*	0.28% of your account value per year, plus an annual fee if applicable. No account will be charged more than \$2,000 in asset fees.*
What are the current investment options?	Fixed- Investment Contract Pool Variable- Mutual Funds  Target Date Retirement Funds	Fixed- Investment Contract Pool Variable- Mutual Funds  Target Date Retirement Funds	Fixed- Money Market Fund  Variable- Mutual Funds  Target Date Retirement Funds
May I roll over money from other retirement accounts into my MSRP account?	Yes- from a 457, 401(k), 403(b) or traditional IRA into your supplemental retirement account.	Yes- from a 457, 401(k), 403(b) or traditional IRA into your supplemental retirement account.	Yes- from a 457, 401(k), 403(b) or traditional IRA . 403(b) plans may be transferred in service..
May I roll over my MSRP account to another type of retirement account, like an IRA?	Yes- to a 457, 403(b), 401(k) or traditional IRA, upon leaving State service.	Yes- to a 457, 403(b), 401(k) or traditional IRA, upon leaving State service or obtaining age 59 1/2.	Yes- to a 457, 403(b), 401(k) or traditional IRA, upon leaving State service or obtaining age 59 1/2.
May I withdraw money from my account while employed?	Yes, but only if you are 70 1/2 or older, or qualify for an unforeseen emergency withdrawal.**	Yes, but only if you are 59 1/2 or older, or qualify for a hardship withdrawal.**	Yes, but only if you are 59 1/2 or older, or qualify for a hardship withdrawal.**
When may I begin withdrawals from my account without a penalty? **	When you leave State employment, regardless of age	If you leave State employment at age 55 or older, or at age 59 1/2.	If you leave State employment at age 55 or older, or at age 59 1/2.
May I change my withdrawal option, amount or frequency once I start my payout?	Yes, excluding purchased annuities.	Yes, excluding purchased annuities.	Yes, excluding purchased annuities.
Must I withdraw my savings because I leave State employment?	No.	No.	No.
Is there a loan provision and a hardship/emergency provision?	Yes/Yes	Yes/Yes	Yes/Yes

\*In addition, each mutual fund has an expense ratio that is netted directly from the mutual fund's daily price. These vary based upon the mutual fund selected. Also, some mutual funds may impose a short term trade fee. Please read the underlying prospectuses carefully.

\*\*Withdrawals are taxed as ordinary income.

NOTE: 401(a) Match Plan withdrawal rules are the same as the 401(k) except that distributions are not permitted until separation from State service.



# Maryland

Teachers & State Employees

## Supplemental Retirement Plans

William Donald Schaefer Tower, Suite 200

6 Saint Paul Street

Baltimore, Maryland 21202

