State Retirement and Pension System – Study of the Board of Trustees

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The Honorable Melony Griffith, Senate Chair  
The Honorable Benjamin S. Barnes, House Chair  
Members of the Joint Committee on Pensions  

Ladies and Gentlemen:  

The Department of Legislative Services (DLS) prepared this report in response to narrative on page 58 of the 2019 Joint Chairmen’s Report which states:  

The committees remain vigilant in their oversight of boards and commissions. Chapter 727 and 728 of 2018 granted the Board of Trustees for the State Retirement and Pension System (SRPS) the authority to determine and create positions necessary to carry out the professional investment functions of the Investment Division, which is charged with investing SRPS assets, and to set compensation for those positions, including incentive compensation. In light of this expanded authority the committees request that the Department of Legislative Services (DLS) study the structure, powers, and membership of the Board of Trustees for SRPS. 

In this report, DLS provides a review of the current structure of the Board of Trustees for SRPS; research on the composition, structure, powers, and governance of over 70 separate boards across the nation; and an overview of several studies on pension board governance. Based on the information gathered, DLS then provides several observations about the Board of Trustees. 

We trust that this report satisfies the aforementioned narrative requesting DLS study certain components of the Board of Trustees for SRPS. If you have any questions, please contact Phillip S. Anthony or Matthew B. Jackson at (410) 946-5530.  

Sincerely,  

Victoria L. Gruber  
Executive Director  

Ryan Bishop  
Director  

VLG:RB/PSA/ekc  

Enclosure  

cc:  Treasurer Nancy K. Kopp  
Mr. R. Dean Kenderdine  

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State Retirement and Pension System – Study of the Board of Trustees

Introduction and Overview

The State Retirement and Pension System of Maryland (SRPS) provides retirement allowances and other benefits to State employees, teachers, police officers, judges, legislators, and employees of participating governmental units. As of June 30, 2019, the system had 193,458 active members, 164,892 retirees and beneficiaries, and 50,246 vested former members, for a total of 408,596 participants. The responsibility for the administration and operation of the system is vested in the 15-member Board of Trustees of the State Retirement and Pension System.

Chapters 727 and 728 of 2018 granted the board certain additional powers regarding its investment function. In 2019, the Joint Chairmen’s Report on the Fiscal 2020 State Operating Budget and the State Capital Budget included the following narrative requesting a Department of Legislative Services (DLS) review of the board:

The committees remain vigilant in their oversight of boards and commissions. Chapter 727 and 728 of 2018 granted the Board of Trustees for the State Retirement and Pension System (SRPS) the authority to determine and create positions necessary to carry out the professional investment functions of the Investment Division, which is charged with investing SRPS assets, and to set compensation for those positions, including incentive compensation. In light of this expanded authority the committees request that the Department of Legislative Services (DLS) study the structure, powers, and membership of the Board of Trustees for SRPS.

This report is in response to that narrative. The report will first discuss the powers, structure, composition, and organization of the board. The report will then explain the research that DLS conducted in compiling this paper and provide several observations. All of the information used in this report was the most recent information available at the time of its writing.

Board of Trustees of the State Retirement and Pension System

The board composition, qualifications, and other requirements are, for the most part, established under Title 21 of the State Personnel and Pensions Article. Policies regarding system investments are established by the board and updated annually in the Investment Policy Manual.

Powers and Structure

The board is vested, by statute, with responsibility for the management, general administration, and proper operation of the Employees’ and Teachers’ Retirement and Pensions
Systems, the State Police Retirement System (SPRS), the Correctional Officers' Retirement System (CORS), the Law Enforcement Officers’ Pension System (LEOPS), the Judges’ Retirement System (JRS), and the Local Fire and Police System. Subject to fiduciary duties, the board has full power to invest all assets of the several systems. The power to invest includes the authority to set the allocation of assets to each investment class, as well as set the actuarially assumed rate of return and benchmarks. The board is also vested with the power to adopt regulations providing for the administration and management of assets of the several systems as well as other responsibilities.

The board is not responsible for reviewing the benefit structure of the several systems except for the purpose of making technical corrections or considering benefit enhancements for any of the several systems.

**Composition and Qualifications**

The board is composed of 15 trustees. Under current law, 3 of the 15 board members are *ex officio* members: the State Comptroller; the State Treasurer; and the Secretary of Budget and Management. Seven members are appointed by the Governor to four-year terms, including 1 representative of participating local governmental units, 1 representative of the interests of county governments, and 5 representatives of the general public who must be private citizens knowledgeable in the administration and operation of pension systems.\(^1\) Lastly, the law requires that 5 trustees be elected by the active members and retirees of specific retirement or pension systems as follows:

- The active members and retirees of the Employees’ Pension System, the Employees’ Retirement System, CORS, LEOPS, the Local Fire and Police System, JRS, and the Legislative Pension Plan elect:
  - 1 trustee who is an *active member* of one of those systems; and
  - 1 trustee who is a *retiree* of one of those systems.

- The active members and retirees of the Teachers’ Pension System and the Teachers’ Retirement System elect:
  - 1 trustee who is an *active member* of one of those systems; and

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\(^1\) Specifically, the five trustees (1) must represent the interests of the public; (2) are not members of any of the several systems; (3) are not employees, directors, partners, or officers of any of the external investment managers for the several systems; (4) do not have an ownership interest in any of the external investment managers of the several systems that is greater than 5% of the issued or outstanding stock; (5) are not directors, partners, or officers of any corporation or large organization in which any of the external managers for the several systems owns 10% or more of the issued or outstanding stock of the corporation or large organization; and (6) have at least 10 years of substantial experience overseeing similar pension systems, large foundations, or other similar large organizations with fiduciary responsibilities relating to different classes of participants.
1 trustee who is a retiree of one of those systems.

The active members and retirees of SPRS elect 1 trustee who is either an active member or a retiree of SPRS.

In 2013, the total membership of the board increased from 14 to 15 members as a result of legislation that established a new position representing county governments. The trustee representing the interests of county governments must have at least 10 years of experience in fiscal management and oversight of county government budgets, and the Governor may appoint the trustee from a list submitted by the Maryland Association of Counties. The new position representing county governments was created in recognition of the new obligation for local school boards to pay a portion of teachers' pension costs beginning in fiscal 2013.

All trustees are required to complete at least eight hours of investment and fiduciary training, including training on fiduciary conduct and board governance during each calendar year.

Chairman

The board is required to annually select a chairman from its membership. There are no statutory qualifications to serve as chairman of the board. Historically, it has been the practice of the board to elect one of the two of its ex officio members — the State Treasurer or State Comptroller — and of those two, the office-holder with the longest tenure.

Meetings

The board has the authority to set the times and places of its meetings. Unless otherwise excused by the chairman or another officer of the board for good cause, each trustee is required to attend at least 80% of the board’s meetings each calendar year.

Investment Program

Prior to the start of fiscal 2008, the board had total and final responsibility for establishing and directing the system’s investment program. However, Chapter 368 of 2007 gave the chief investment officer for SRPS the sole authority to hire and fire external managers to manage the system’s assets, a responsibility that previously rested with the board. With the exception of this modification in responsibility, the board maintains all remaining administrative and fiduciary responsibility for the proper operation of the various plans and their subsystems, including establishing the asset allocation for the investment program. The board is responsible for ensuring that the assets of the systems are held exclusively for the purpose of providing benefits for the participants in the systems. As fiduciaries, the members of the board must exercise the care, skill, prudence, and diligence of a “prudent person” in seeing that the assets of the system are utilized in accordance with the law for the exclusive purpose of providing benefits for the participants.
As discussed above, Chapters 727 and 728 granted the board independent salary setting authority to determine and create positions necessary to carry out the professional investment functions of the Investment Division in the State Retirement Agency (SRA) and to set compensation for the positions, including incentive compensation. The legislation specified that compensation and operating expenses of the Investment Division are to be paid from the accumulation fund of each system instead of by participating employers and that those expenses are not subject to appropriation by the Governor and General Assembly. Incentive compensation for the chief investment officer for SRPS and other division staff must be based on objective criteria as set forth by an Objective Criteria Committee established in the bill. The Objective Criteria Committee must meet at least once every five years. Incentive compensation is subject to a cap, which is 33% of base salary. Other restrictions include prohibiting the payment of incentives over multiple years and payment of incentives after separation of employment.

Standing Committees

The board has four standing committees. The Investment Committee is the only standing committee required by statute. The three standing committees established by board policy are the Administrative Committee, the Audit and Securities Litigation Committee, and the Corporate Governance Committee. As of the writing of this report, the board has also established two ad hoc committees on actuarial economic assumptions and strategic planning and governance.

The board is statutorily required to appoint an Investment Committee to advise the board on (1) matters pertaining to the investment program; (2) compliance of investment programs with board policy; (3) preparation of an investment policy manual; and (4) bonding requirements of employees of SRA. The Investment Committee must be composed of at least six members. Three members must be representatives of (1) the Employees' Pension System or the Employees' Retirement System; (2) the Teachers' Pension System or the Teachers' Retirement System; and (3) SPRS. Additionally, the board must appoint three members from the public who are not members or retirees of the system and who have experience in management and control of large investments and have at least 10 years of combined experience in specific capacities such as a portfolio manager or a chartered financial analyst. With the exception of the three public members, the members of the Investment Committee must be appointed from the board's own membership. As of September 2019, all 15 trustees were members of the Investment Committee.

By resolution, the board must designate a chairman of the Investment Committee. There are no statutory qualifications to serve as chairman of the Investment Committee.

Budget

The board is required to submit the budget for the several systems annually to the Governor for inclusion in the State budget. In fiscal 2019, the board operated with a working appropriation of $45.3 million and 205 regular positions. Of the $45.3 million, $12.6 million was nonbudgeted,

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2 In 2019 the Board combined the Audit Committee and Securities Litigation Committee.
which accounted for costs associated with the Investment Division going off-budget in accordance with Chapters 727 and 728. Off-budget costs no longer count against the SRA’s expense cap.

**Maryland State Retirement Agency**

SRA, which operates under the supervision of the board, is responsible for carrying out all administrative duties and business of the system. The agency is composed of the Office of the Executive Director and seven other divisions or offices: (1) Administration; (2) Finance; (3) Internal Audit; (4) Information Systems; (5) Business Operations; (6) External Affairs; and (7) Investment. Legal services are provided by assistant Attorneys General assigned from the State Attorney General’s Office; however, the agency is responsible for paying the salaries of the assistant Attorney Generals.

**Research**

**Overview**

DLS considered a number of options to effectively comply with the budget committee narrative. DLS independently researched the composition, structure, powers, and governance of over 70 separate boards across the nation and also looked at a number of other analyses, including (1) the October 2018 SRPS Governance Policy Review by Funston Advisory Services LLC (Funston Report); (2) an August 2019 Center for Retirement Research at Boston College report on the relationship between investment performance and the composition of a pension board (Boston College Report); and (3) the board’s October 2017 report on the governance and resourcing of the investment division (Investment Division Report).

Additionally, while DLS considered using investment return when comparing SRPS to other systems, investment return might not be the most practical comparison for two reasons. First, as DLS regularly notes in its SRPS Investment Overview presented to the Joint Committee on Pensions each year, SRPS’s low allocation to equity investments, when compared to its peers, results in a comparatively low ranking when equity markets are experiencing strong performance, as has been the case in recent years. Ranking overall performance provides a broad view and can omit measured investment policy decisions particular to SRPS that cause Maryland’s performance to differ from that of other funds. Focusing on overall performance relative to other systems might not reflect a clear picture of the increased investment volatility risks borne by a system with heavier investment volatility in public equity.³ Second, some systems do not update their returns on a

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³ In sum, a low allocation to public equity drives down a system’s overall ranking. To get a better understanding of a system’s performance, it is best to look at relative performance by asset class that is discussed in the Observations section of this report.
regular basis or with consistent measure, such as time weighted, net of fees. As a result, the only publicly available returns for some systems were as old as June 2017.\textsuperscript{4}

The Funston, Boston College, and Investment Division reports are briefly summarized in the following sections. Appendix I contains information on the boards identified in the Funston and Investment Division reports as peer systems. Appendix I also includes those systems that have boards structured similar to Maryland — where a single board has control over the administration of benefits and management of investments of a state’s several systems.

**Summary of Cited Reports**

**Funston Advisory Services LLC Report**

In 2018, the board requested Funston Advisory Services LLC to conduct a review of SRPS’s governance policies and charters compared to peers and identify opportunities for improvement. Funston Advisory Services LLC submitted its final report, entitled *Maryland SRPS Governance Policy Review Final Report*, in October 2018. The Funston Report focused on the board’s legislative and governance framework as well as trustee and SRA employee observations. Funston then juxtaposed those findings against its observations from a selection of peer systems. The board practices were graded on a scale that identified each practice as leading, prevailing, or lagging. A leading practice “helps increase beneficial impact on organization performance compared to other practices and is not common use among peers.” A prevailing practice is a common practice among peers, while a practice is considered lagging if it “has not kept pace with prevailing practice.” A practice may be a combination of leading, prevailing, or lagging practices.

Generally, the Funston Report found the board to be leading and/or prevailing in most of the 26 practice areas analyzed. Three of the board’s practices were considered lagging only — board composition, decision making, and investment committee size. The board leadership, while considered leading, was also considered lagging because of the board’s historic practice of only electing as chairman two of its *ex officio* members — the State Treasurer and State Comptroller. Finally, practices pertaining to fiduciary responsibilities and authorities, as well as priority and agenda setting, were considered a mix of prevailing and lagging.

The Funston Report concluded that the size of both the board and Investment Committee should be reduced. Specifically, with regard to the board, the Funston Report stated that, “with 15 members, the SRPS board is large compared to most peers” and should be reduced to 11 members. The Funston Report further stated that the Investment Committee is “very large, atypical and unwieldy” and should be reduced to 9, as “the average at large peer funds is 9 to 10, with some as small as 5 or 6.” The Funston Report also highlighted trustee comments regarding the size of the Investment Committee, noting that “trustees expressed numerous concerns about the size of the Investment Committee as being too big and unwieldy.”

\textsuperscript{4} When investment returns for the late 2000s are no longer within the 10-year range, investment returns change dramatically.
Center for Retirement Research at Boston College Report

In August 2019, while this report was being compiled, the Center for Retirement Research at Boston College released a report entitled Does Public Pension Board Composition Impact Returns? As its title suggests, the Boston College Report, through a regression analysis, analyzed whether there is a relationship between investment performance and the features of a pension board. In making its findings, the report identified and summarized best practices, as recommended by governance experts, for board structure, size, representation, expertise, and tenure as follows:

- one fiduciary board for both investment and administrative oversight with a size of 6 to 10 members;
- at least one ex officio member and only 20% to 70% active and/or retired participants (i.e., a combination that avoids over- or under-representation);
- at least 2 members with financial or actuarial experience; and
- 8 to 10 years of tenure, on average.

The Boston College report ultimately concluded that "a board designed purposefully and effectively can have positive and long-term benefits for public pension plans." Additionally, the report recommended that "public pension funds may be best served by taking a holistic view of the many aspects of a board that contribute to its effectiveness, rather than focusing on any single feature."

SRPS – Investment Division Report

In 2017, SRA was tasked by the budget committees with compiling a report to address a number of questions about the precursor legislation to Chapters 727 and 728. The report was presented to the Joint Committee on Pensions and, among other things, identified SRA peer systems that are systems of comparable size.

Observations

The observations in this section are based on DLS research, including the reports and overviews summarized above.

Powers and Structure

Observation: Maryland has the most common board structure; however, 12 other states give a single board authority over its several systems.
The structure of boards of trustees for pension systems varies widely from jurisdiction to jurisdiction – no single system is exactly the same; however, systems can be compiled into three basic categories: (1) systems where the board administers benefits and manages investments; (2) systems where a board administers benefits and a separate, fiduciary board manages investments; and (3) systems that have a single trustee/fiduciary. Within these categories there are certain variations to board powers. Depending on the statutory framework governing the system, a board may not have the power to set asset allocations or to establish the actuarially assumed rate of return. Because these boards do not have the flexibility that is afforded the SRPS Board, the absence of those powers may, for instance, be offset by a board’s authority to adjust the benefit structure of a system.

Maryland falls into the category where the board administers benefits and manages investments, which is the most common board structure. Approximately 74% of boards fall into this category. It is important to note, however, that only 12 states, other than Maryland, have a single fiduciary board that oversees the several systems within the State, as opposed to, for example, Alabama that has chosen to bifurcate its systems into a public employees system and teachers system with independent boards that have authority over their own benefits and investments. Information regarding the aforementioned 12 systems can be found in Appendix I as DLS identified peer systems.

Systems where a board administers benefits and a separate, fiduciary board manages investments, such as the Massachusetts State Employees Retirement System, make up 16% of the total. Systems with a sole fiduciary, like the New York Common Retirement System, make up 9% of the total.

**Board Size**

*Observation: The size of the board is large compared to both peer and non-peer systems.*

As with the power and structure of various boards, the size of boards varies greatly. Some systems are governed by a board as large as 20 members, such as the Tennessee Consolidated Retirement System, or as small as 5 members, such as the West Virginia Public Employees Retirement System. Some systems are not governed by a board but by a single trustee, such as the New York Common Retirement System. Having 15 members, Maryland falls into the top 15% of board sizes – those systems that have boards with 14 or more members. Exhibit 1 shows a breakdown of boards by size.

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5 DLS notes that some studies divide this particular category into two distinct structures based on whether the chief investment officer of the system reports directly to an executive director/chief executive officer or directly to the board. Maryland’s chief investment officer reports to an executive director rather than reporting directly to the board. For the purposes of this paper, DLS does not address this distinction because it does not directly relate to the structure of a board of trustees.
The median board size of those shown in Appendix 1 is 10 members. The Funston Report concluded that the SRPS Board was too large when compared to peer systems and should be reduced to 11 members. The Boston College Report also noted that best practices prescribe a board size of not less than 6 and not more than 10 members. DLS notes, however, that board size is, to a certain extent, dictated by the number of systems consolidated under its control. A board that administers many systems will necessarily have more trustees to adequately represent the stakeholders of those systems.

Financial Expertise and Qualifications

Observation: Statutory requirements of the board’s five gubernatorial appointees is in line with best practices.

The five gubernatorial appointees to the board must, among other requirements, have at least 10 years of substantial experience overseeing similar pension systems, large foundations, or
other similar large organizations with fiduciary responsibilities relating to different classes of participants. The Boston College Report states that at least two members of a board should have financial or actuarial experience.

Observation: However, as written, the statutory requirements of the five gubernatorial appointees to the board do not allow for the appointment of a trustee that has a narrow yet valuable subset of experience directly related to the powers, duties, and operations of the board.

Among other requirements, the five gubernatorial appointees to the board must have at least 10 years of substantial experience overseeing similar pension systems, large foundations, or other similar large organizations with fiduciary responsibilities relating to different classes of participants. There are many facets to being a trustee on a public pension board and, as currently written, statute does not allow for the flexibility to make an appointment of an individual with a narrow subset of relevant, valuable experience. For example, a potential appointee that has substantial experience in securities litigation or auditing for a similar pension system, but not 10 years of general experience overseeing that pension system, would not be eligible to serve as a gubernatorial appointee.

Observation: There is no expertise requirement for the chairman of the SRPS Board.

Statute requires certain members of the board to have specified minimum qualifications, yet there are no statutory qualifications to serve as chairman of the board.

Stakeholder Representation

Observation: Stakeholder representation on the board is in line with best practices.

The board is composed of five active or retired members representing various employee or former employee groups that make up 33% of board membership. The Boston College Report states that best practices recommend 20% to 70% representation of active and/or retired participants. Additionally, one member representing participating governmental units and one member representing counties have seats on the board, further increasing stakeholder representation.

Tenure

Observation: The average tenure of board members is 6.75 years.

The board member tenure ranges from nearly 18 years (an ex officio member) to as little as a 1.5 years (an elected member). On average, board members have 6.75 years of experience, when factoring in current terms and former terms while serving on the board in another capacity.
Meetings

Observation: The full board and the Investment Committee annually spend fewer hours meeting than peers.

While the board has established governance policies and charters regarding committee requirements, there are no statutory requirements for Investment Committee meetings. Historically, however, the Investment Committee has met at least quarterly—in February, May, September, and November. Investment Committee activities at each meeting include reviewing investment performance, amending the statutorily required investment policy manual, reviewing the SRA Investment Division budget, and hearing from its financial advisors, such as Meketa Investment Group. Since September 2016, the Investment Committee has conducted its quarterly meeting on the same day as the full board, making it the only committee that does so exclusively.

The Funston Report noted that the board and the Investment Committee spent “somewhat less time” in meetings than its peers. Information about peer meetings and times are summarized in Exhibit 2.

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Exhibit 2
Board and Peer Meetings

Annual Meeting Time (hrs)
- Peer Investment Committee: 19 hrs
- SRPS Investment Committee: 43 hrs
- Peer Boards: 30 hrs
- SRPS Board: 16 hrs

Mtg Length (hrs)
- Peer Investment Committee: 3.8 hrs
- SRPS Investment Committee: 4.9 hrs
- Peer Boards: 2.5 hrs
- SRPS Board: 4 hrs

Yearly Mtgs
- Peer Investment Committee: 8.7
- SRPS Investment Committee: 12

Mtgs: Meetings
SRPS: State Retirement and Pension System
Source: Funston Report

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6 DLS notes that, in its September 2019 meeting, the Investment Committee briefly discussed the addition of Investment Committee meetings to provide more opportunity to focus on specific asset classes.
Investment Committee

Observation: The size of the Investment Committee is large compared to both peer and nonpeer systems with a similar advisory body.

The Investment Committee, as mentioned above, is a statutorily required advisory committee of the board. It is required to have a minimum of 6 members; however, the Investment Committee has evolved into a committee of the whole. Accounting for the 3 outside investment experts required by law, the Investment Committee totals 18 members. The Funston Report noted that the size of the committee is unwieldy and recommended reducing its size to better expedite work. As shown in Appendix 1, the median size of a board investment committee is 8 members. Exhibit 3 shows the size of 54 board-established investment committees throughout the nation.

Exhibit 3
Investment Committee Sizes

- 12 + 13%
- 9 to 11 26%
- 6 to 8 28%
- 3 to 5 33%

Source: Funston Report
DLS was not able to identify another investment committee of a board that was equal to or larger than that of the SRPS Investment Committee. Out of all of the systems and boards analyzed, only 6, excluding Maryland, have an investment board composed of more than 12 members.\footnote{Additionally, only 9 Investment Committees (excluding Maryland) have more than 10 members.}

**Observation:** There is no investment expertise requirement for the chair of the Investment Committee.

As a statutorily required committee of the board, the Investment Committee serves an important function. The statute requires certain members of the Investment Committee to have specified minimum qualifications, yet there are no statutory qualifications to serve as chairman of the Investment Committee.
# Appendix 1

## Select Peer Systems

<table>
<thead>
<tr>
<th>System</th>
<th>Active</th>
<th>Annuitants</th>
<th>Assets</th>
<th>Board Size</th>
<th>Elected</th>
<th>Appointed</th>
<th>Composition</th>
<th>Ex-officio</th>
<th>Chair Selection</th>
<th>Administrate Benefits</th>
<th>Manager Benefits</th>
<th>Manage Investments</th>
<th>Investment Committee Size</th>
<th>Investment Committee Funding Ratio</th>
<th>Entity that ID'd System as a Peer</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Public Employees Retirement System</td>
<td>1,366,045</td>
<td>606,893</td>
<td>$254.0</td>
<td>13 6 3</td>
<td>4 (Representative of State Personnel Board, Controller, Treasurer, Human Resources Department Director)</td>
<td>Board elects</td>
<td>X X X</td>
<td>Board elects</td>
<td>X X X</td>
<td>13</td>
<td>71.0%</td>
<td>Funston</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>California State Teachers Retirement System</td>
<td>449,595</td>
<td>364,780</td>
<td>$259.9</td>
<td>12 3 5</td>
<td>4 (Director of Finance, Controller, Superintendent of Public Instruction, &amp; Treasurer)</td>
<td>Board elects</td>
<td>X X X</td>
<td>12</td>
<td>65.5%</td>
<td>Funston, SRA, DLS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colorado Public Employees Retirement Association</td>
<td>252,947</td>
<td>146,157</td>
<td>$55.5</td>
<td>15 11 3</td>
<td>1 (Treasurer)</td>
<td>Board elects</td>
<td>X X X</td>
<td>7</td>
<td>59.8%</td>
<td>Funston, SRA, DLS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delaware Public Employees Retirement System</td>
<td>47,107</td>
<td>32,754</td>
<td>$110.0</td>
<td>7 - 5</td>
<td>2 (Secretary of Finance and Office of Management and Budget Director)</td>
<td>Governor appoints</td>
<td>X X X</td>
<td>6</td>
<td>90.0%</td>
<td>DLS</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Hawaii Employees Retirement System</td>
<td>66,271</td>
<td>48,565</td>
<td>$16.7</td>
<td>8 4 3</td>
<td>1 (Director of Finance)</td>
<td>Board elects</td>
<td>X***</td>
<td>X X</td>
<td>55.2%</td>
<td>DLS</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Idaho Public Employee Retirement System</td>
<td>71,163</td>
<td>52,332</td>
<td>$19.8</td>
<td>5 - 5</td>
<td>Governor appoints</td>
<td>X X -</td>
<td>91.3%</td>
<td>DLS</td>
<td></td>
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</tr>
<tr>
<td>Illinois Municipal Retirement Fund</td>
<td>176,517</td>
<td>133,201</td>
<td>$30.6</td>
<td>8 8 -</td>
<td>Board elects</td>
<td>X X X</td>
<td>8</td>
<td>90.0%</td>
<td>SRA</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Illinois Teachers Retirement System</td>
<td>160,859</td>
<td>122,423</td>
<td>$51.7</td>
<td>13 6 6</td>
<td>1 (Superintendent of Education)</td>
<td>Designated by law</td>
<td>X X X</td>
<td>11</td>
<td>45.7%</td>
<td>SRA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indiana Public Retirement System</td>
<td>222,120</td>
<td>158,653</td>
<td>$20.4</td>
<td>9 - 8</td>
<td>1 (Office of Management &amp; Budget Director)</td>
<td>Board elects</td>
<td>X X -</td>
<td>79.7%</td>
<td>DLS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iowa Public Employees Retirement System</td>
<td>170,378</td>
<td>120,987</td>
<td>$32.3</td>
<td>11 - 10</td>
<td>1 (Treasurer)</td>
<td>Board elects</td>
<td>X X -</td>
<td>62.4%</td>
<td>SRA</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Kansas Public Employees Retirement System</td>
<td>154,573</td>
<td>105,449</td>
<td>$21.7</td>
<td>9 2 6</td>
<td>1 (Treasurer)</td>
<td>Board elects</td>
<td>X X X</td>
<td>68.4%</td>
<td>DLS</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Maine Public Employees Retirement System</td>
<td>91,922</td>
<td>49,289</td>
<td>$11.9</td>
<td>6 - 7</td>
<td>1 (Treasurer)</td>
<td>Board elects</td>
<td>X X X</td>
<td>81.4%</td>
<td>DLS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maryland State Retirement and Pension System</td>
<td>192,431</td>
<td>150,374</td>
<td>$51.0</td>
<td>15 5 7</td>
<td>3 (Treasurer, Comptroller, Secretary of Dept. of Budget and Management)</td>
<td>Board elects</td>
<td>X X X</td>
<td>71.8%</td>
<td>SRA</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Massachusetts State Employees' Retirement System</td>
<td>87,822</td>
<td>62,194</td>
<td>$26.3</td>
<td>5 2 2</td>
<td>1 (Treasurer)</td>
<td>Treasurer by law</td>
<td>X</td>
<td>-</td>
<td>-</td>
<td>SRA</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Minnesota State Retirement System</td>
<td>57,135</td>
<td>45,892</td>
<td>$23.9</td>
<td>8 3 -</td>
<td>3 (One constitutional officer, Two State officials)</td>
<td>Board elects</td>
<td>X -</td>
<td>-</td>
<td>90.5%</td>
<td>SRA</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Mississippi Public Employees' Retirement System</td>
<td>151,376</td>
<td>107,599</td>
<td>$29.1</td>
<td>10 8 1</td>
<td>1 (Treasurer)</td>
<td>Board elects</td>
<td>X X X</td>
<td>61.8%</td>
<td>DLS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Missouri Public School Retirement System</td>
<td>78,709</td>
<td>55,920</td>
<td>$43.8***</td>
<td>7 4 3</td>
<td>Board elects</td>
<td>X X -</td>
<td>84.0%</td>
<td>Funston, SRA</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>State</td>
<td>Public Employees' Retirement System</td>
<td>Assets (in billions)</td>
<td>Investments (in billions)</td>
<td>Board Elects</td>
<td>Vacancies</td>
<td>Board Elects</td>
<td>Vacancies</td>
<td>Governor Elects</td>
<td>Voting</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Nevada</td>
<td>107.849</td>
<td>67.163</td>
<td>541.2</td>
<td>7</td>
<td>7</td>
<td>Board Elects</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>7</td>
<td>74.7%</td>
<td>Funston, SRA, OLS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New York State Teachers Retirement System</td>
<td>265,590</td>
<td>160,046</td>
<td>5119.9</td>
<td>10</td>
<td>4</td>
<td>5</td>
<td>1 (Comptroller)</td>
<td>Board Elects</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>6</td>
<td>97.7%</td>
<td>Funston</td>
<td></td>
</tr>
<tr>
<td>Ohio Public Employees Retirement System</td>
<td>303,520</td>
<td>212,953</td>
<td>594.1</td>
<td>11</td>
<td>7</td>
<td>3</td>
<td>1 (Dept. of Administrative Services Director)</td>
<td>Board Elects</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>11</td>
<td>79%</td>
<td>Funston</td>
<td></td>
</tr>
<tr>
<td>Ohio State Teachers Retirement System</td>
<td>170,327</td>
<td>157,422</td>
<td>578.6</td>
<td>11</td>
<td>7</td>
<td>3</td>
<td>1 (Superintendent of Public Instruction)</td>
<td>Board Elects</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>5</td>
<td>75.5%</td>
<td>Funston</td>
<td></td>
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<tr>
<td>Oregon Public Employees Retirement System</td>
<td>279,923</td>
<td>153,177</td>
<td>581.1</td>
<td>5</td>
<td>5</td>
<td>-</td>
<td>Governor Elects</td>
<td>X</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>80.1%</td>
<td>SRA</td>
<td></td>
<td></td>
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<tr>
<td>Pennsylvania Public School Employees Retirement System</td>
<td>443,828</td>
<td>444,709</td>
<td>3110.6</td>
<td>15</td>
<td>6</td>
<td>5</td>
<td>4 (Secretary of Education, Secretary of Banking and Securities, Treasurer, Executive Director of the Pennsylvania School Boards Association)</td>
<td>Board Elects</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>15</td>
<td>56.4%</td>
<td>SRA, Funston</td>
<td></td>
</tr>
<tr>
<td>South Carolina Retirement Systems</td>
<td>219,673</td>
<td>165,517</td>
<td>532.1</td>
<td>11</td>
<td>11</td>
<td>-</td>
<td>Board sets own policy regarding board selection</td>
<td>X</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>55.0%</td>
<td>SRA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Texas (Teachers Retirement System)</td>
<td>872,999</td>
<td>420,458</td>
<td>5154.6</td>
<td>9</td>
<td>9</td>
<td>-</td>
<td>Governor Elects</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>5</td>
<td>76.9%</td>
<td>Funston</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utah Retirement System</td>
<td>99,699</td>
<td>66,057</td>
<td>332.3</td>
<td>7</td>
<td>6</td>
<td>1 (Treasurer)</td>
<td>Board Elects</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>7</td>
<td>87.4%</td>
<td>SRA, OLS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virginia Retirement System</td>
<td>395,976</td>
<td>261,027</td>
<td>595.0</td>
<td>9</td>
<td>9</td>
<td>-</td>
<td>Governor approves</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>9</td>
<td>70.6%</td>
<td>OLS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Washington State Retirement Systems</td>
<td>342,832</td>
<td>190,853</td>
<td>595.6</td>
<td>15</td>
<td>12</td>
<td>3 (Treasurer, Director of Retirement Systems (Director, Department of Labor and Industries Director))</td>
<td>Board Elects</td>
<td>-</td>
<td>X</td>
<td>-</td>
<td>-</td>
<td>86.0%</td>
<td>Funston</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wyoming Retirement System</td>
<td>61,635</td>
<td>32,214</td>
<td>50.5</td>
<td>11</td>
<td>10</td>
<td>1 (Treasurer)</td>
<td>Board Elects</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>11</td>
<td>74.5%*</td>
<td>OLS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Information contained in this chart was the most up-to-date at the time of compilation.

*Assets reported in the billions.

**Includes inactive members. CALPERS does not report active versus inactive membership.

***Some benefits are administered through the Hawaii Department of Budget and Finance.

****Total assets includes the Missouri PEERS. Missouri reports assets of both systems in the aggregate.

*****Ratio only reflects Wyoming's largest plan for public employees. Wyoming does not report in the aggregate.