

Questions and Answers

1. Why is the Board conducting a search at this time?

Chapter 310 of the Acts of 2015 (the Budget Bill for fiscal year 2016) directed the State Retirement Agency to enlist the services of an investment consulting firm that is not currently serving as a general investment consultant to the Board of Trustees of the State Retirement and Pension System. Specifically, § 50 of Chapter 310 provided that this investment consultant should prepare an independent evaluation of the asset allocation of the State Retirement and Pension System.

2. How many firms are invited to respond to the RFP? Can you share their names?

The RFP is not structured as an invitation-only procurement. The RFP is posted to the State of Maryland's procurement website, as well as the Maryland State Retirement Agency's website. Any firm may respond.

3. What are the key challenges the Board is facing today?

The challenges facing the Board today are similar to challenges facing most public pension plans. Examples would include funding levels and meeting return assumptions.

4. Is there a particular asset class or set of managers that is currently an area of concern for the Board?

The Board has not voiced a concern regarding a particular asset class or set of managers.

5. Are there any restrictions on types of investments for any of the pools?

The Board's Investment Policy Manual does not include restrictions on the types of investments. However, hedge funds are capped at 17% of the total fund.

6. How much emphasis has there been on measuring the liability using something other than the actuarial investment return?

Historically, measuring the liability has emphasized the use of the actuarial investment return.

7. Is there a stated goal of reaching fully funded status by a specific year?

During the 2011 legislative session, the Maryland General Assembly (the plan sponsor) stated that it was setting a primary goal of reaching 80% funding within 10 years and full funding within 30 years. Investment returns, changes to the funding policy, and the amount of money allocated in the State budget to the System since 2011 have changed the projected original 80% target of 2021 to 2026.

8. The RFP specifies that the Offeror must meet the qualifications as of 12/31/14. Can the “as of” date be 8/1/2015?

The “as of” date for meeting the minimum qualifications can be extended to August 1, 2015. The RFP will be amended to reflect this change.

9. Has the system conducted an asset/liability study in the past 3 years and, if so, is it possible to obtain a copy?

The System conducts an asset/liability study annually. To maintain the independence of the report associated with this RFP, a copy of the asset/liability study will not be shared at this time. If necessary, this request will be discussed with the selected vendor.

10. Is a comprehensive performance report for the fund and its composites as well as associated attribution and risk statistics available?

The requested report is beyond the scope of the RFP. If necessary, this request will be discussed with the selected vendor.

11. Is the timeline proposed in the RFP target a specific board meeting date or decision point?

The timeline was selected based on the Board’s need to present the final report to the legislature in January.

12. Does your RFP contemplate delivery of full asset/liability studies for (1) all plans within the system, (2) the two largest plans only, (3) full A/L studies are not part of the scope of work?

The scope of work requires a single study that would apply to all assets of the several systems in accordance with the Board’s Investment Policy Manual. The RFP does not contemplate a separate analysis for each system.

13. Does your RFP contemplate review and analysis of asset allocations that would vary across the system’s six plans?

Please see the response to question 12 above. The RFP contemplates a single asset allocation applicable to the assets of the several systems.

14. What is the most important investment issue your plan is currently facing?

Please see the response to question 3 above.