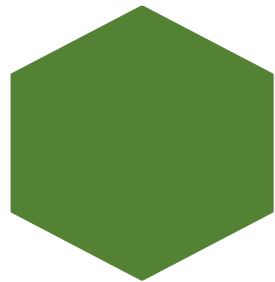


Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2024

EMPLOYEES' RETIREMENT SYSTEM

The Maryland-National Capital Park and Planning Commission





POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024

This Popular Annual Financial Report summarizes the Maryland-National Capital Park and Planning Commission (“Commission”) Employees’ Retirement System’s (ERS) more detailed 2024 Annual Comprehensive Financial Report (ACFR) which is prepared in conformity with generally accepted accounting principles. The ACFR provides in-depth information about the financial, investment, and actuarial aspects of the ERS.

The ACFR is available online at ers.mncppc.2024-ACFR or at the ERS office.

About the Employees’ Retirement System

The Commission is a body corporate of the State of Maryland, established by the Maryland General Assembly in 1927.

To provide its employees with financial security at retirement, on July 1, 1972 the Commission established the ERS, a single employer defined pension plan, in accordance with a Trust Agreement between the Commission and the ERS Board of Trustees (the “Board”). The Trust Agreement sets forth the powers, duties, and liabilities of the Board as they administer the Trust Fund from which members of the ERS receive retirement benefits. The Commission retains the power to amend or terminate the ERS but may not alter the powers of the Board without its consent.

The ERS consists of five defined benefit pension plans sponsored by the Commission for its employees. Three of the Plans, A, B, and D are closed, and two Plans, C and E, are open for park police and general employees, respectively. The ERS provides normal and early retirement benefits, spouse and children survivor benefits, active member death benefits, and post-retirement death benefits for its members.

The administrative operations of the ERS are the responsibility of the Executive Director and the staff who are employed by the Board.

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MISSION

To prudently manage, protect, diversify, and administer the Fund for the sole benefit of its members and beneficiaries and to ensure sufficient assets are available to pay the promised benefits.

CORE VALUES

Quality Customer Service
Accountability and Transparency
Professionalism and Respect
Trustworthiness and Stewardship

A LETTER TO OUR MEMBERS



Peter A. Shapiro
Chair

Jaclyn F. Harris
Executive Director



To Our Members, Retirees and Beneficiaries:

We are pleased to present the 2024 Popular Annual Financial Report (“Annual Report”) for the Maryland-National Capital Park and Planning Commission (“Commission”) Employees’ Retirement System (ERS). This Annual Report summarizes the more detailed Annual Comprehensive Financial Report (ACFR) which is currently available on the ERS Website, <http://ers.mncppc.org>. More important, this report provides key statistics to help you understand the financial health of the ERS and information on the programs and services available for members.

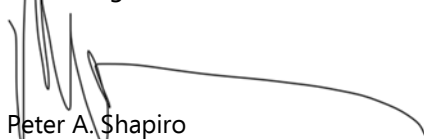
The results of our investment strategy and diversified portfolio led to a return of +6.6% for the fiscal year ended June 30, 2024. Investment performance has been positive over the long-term with returns for the trailing 3-years, 5-years, and 10-years at +4.0%, +6.7%, and +6.3%, respectively. These returns have been achieved with relatively low risk compared to our peers and our funded ratio remains extremely strong at 87.2% and places the ERS in the top tier among its peers.¹

While this Annual Report proves the financial fitness of the ERS and the security of member benefits, Staff continue to work on service improvements for our members including educational resources and tools to help them successfully plan for retirement. In FY24, MemberDirect, a self-service online tool, went live to provide active members with the ability to generate benefit estimates, determine retirement eligibility, access Annual Benefit Statements and retirement forms, and find answers to frequently asked questions. Additionally, the ERS introduced a new redesign for its website to improve security, functionality, content relevancy, and the members’ overall experience.

Improvements for members would not be possible without addressing succession planning to ensure that plan administration and other critical operations have support. After thirty-four (34) years of service, ERS Executive Director, Andrea L. Rose, announced she would retire effective November 1, 2024. At its October 1, 2024 meeting, the ERS Board of Trustees approved a Resolution to formally appoint Jaclyn Harris, Deputy Executive Director, as the new ERS Executive Director. A search is currently underway to back fill the Deputy Executive Director position.

Rest assured that the Board and Staff understand their role in protecting your retirement security and providing you with the resources to plan for a secure retirement. The Board will continue to closely monitor investment managers and consultants, while Staff continue to look for ways to improve services for members. We thank the Board members, consultants, and Staff who work tirelessly on your behalf to assure successful operation and oversight of the ERS.

Warm Regards,



Peter A. Shapiro
Chair Board of Trustees



Jaclyn F. Harris
Executive Director

BOARD OF TRUSTEES

The Board is charged with the fiduciary responsibility for administering the benefits for the sole benefit of the members and beneficiaries of the ERS. The Board prudently invests the assets and manages the ERS with the objective of ensuring that sufficient assets will be available to fund the benefits when due.

The Board consists of 11 appointed and elected members. Trustees serve for three-year terms. Generally, the Board meets on the first Tuesday of every month, except August. Board meetings are open to all members and the public.

The Board of Trustees

(as of July 1, 2024)

Peter Shapiro, Chair

Prince George's County Commissioner
Term expires: 6/30/2025

James Hedrick, Vice-Chair

Montgomery County Commissioner
Term expires: 6/30/2026

William Spencer

Acting Executive Director
Ex-Officio

Anton White

FOP Represented Trustee
Term expires: 6/30/2025

Theodore J. Russell III

Prince George's County Open Trustee
Term expires: 6/30/2027

Pamela F. Gogol

Montgomery County Public Member
Term expires: 6/30/2026

Lisa Blackwell-Brown

MCGEO Represented Trustee
Term expires: 6/30/2025

Sheila Morgan-Johnson

Prince George's County Public Member
Term expires: 6/30/2026

Caroline McCarthy

Montgomery County Open Trustee
Term expires: 6/30/2027

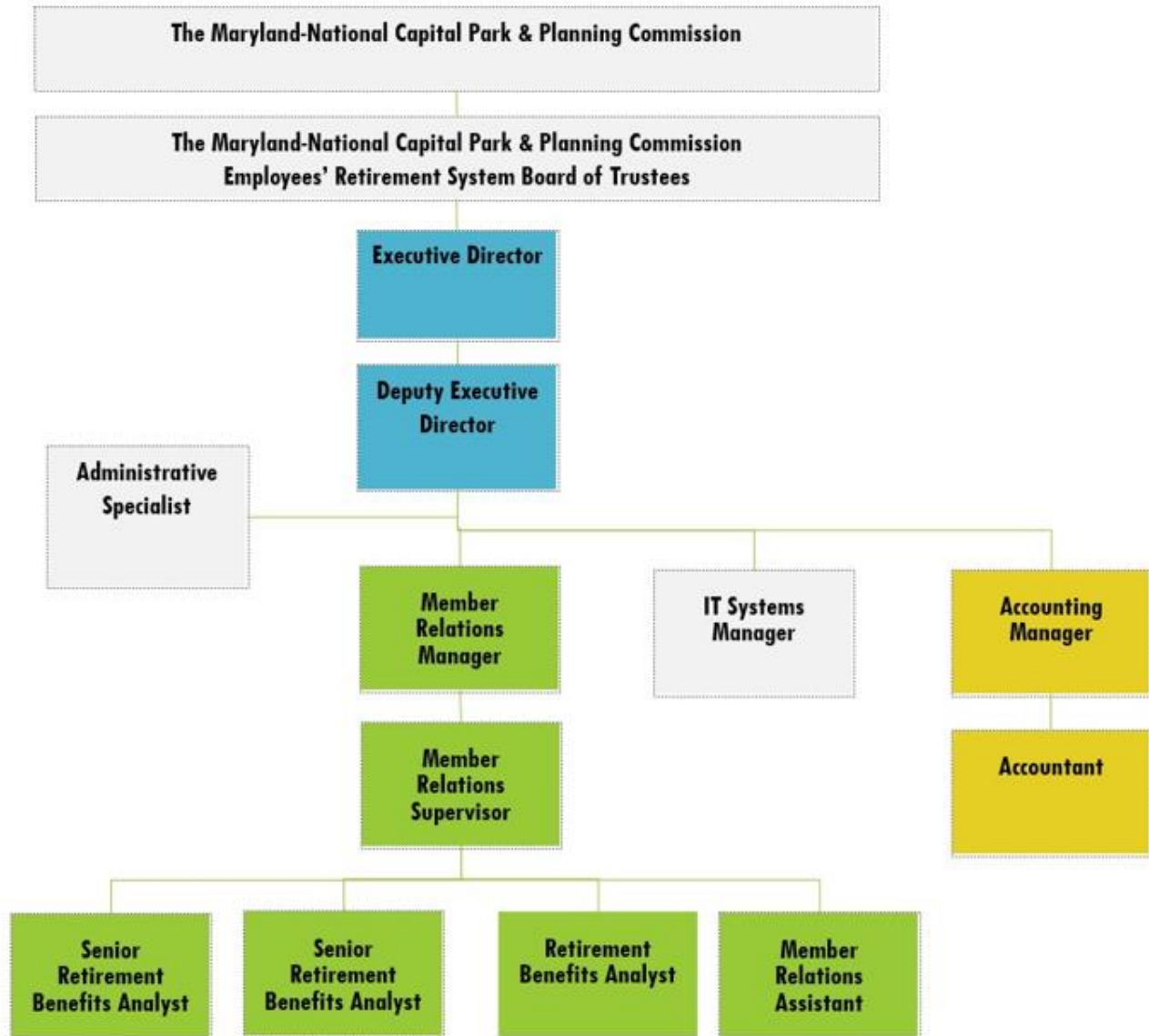
Elaine A. Stookey

Bi-County Open Trustee
Term expires: 6/30/2026

Gavin Cohen, CPA

Secretary-Treasurer
Ex-Officio

The administrative operations of the ERS are the responsibility of the Executive Director and staff employed by the Board. Current events and announcements regarding the ERS are posted on the ERS' website and in the Commission's monthly newsletter, *Update*.



MEMBER SERVICES & RESOURCES

The ERS is the Commission's primary retirement plan for its employees. The ERS is a defined benefit plan which means the benefit paid at retirement is a guaranteed benefit, based on salary and credited service. The benefits are not determined by employee contributions or investment earnings.

Detailed information regarding membership and retirement benefits can be found in the Summary Plan Description (SPD). SPDs are available for each plan and provide a detailed look at the benefit formula, eligibility requirements, contributions, credited service, and death benefits. SPDs can be found on the ERS' website <https://ers.mncppc.org>, along with other valuable information.



The ERS provides the resources below to help members plan for a secure retirement.

- Onsite Workshops
- One-on-One and Retirement Counseling (by appointment only)
- Annual Benefit Statement
- Popular Annual Financial Report
- Annual Comprehensive Financial Report
- Summary Plan Description
- Plan Document
- Articles published in the Commission's *Update* Newsletter - ERS Lifetimes
- Retirement Benefit Estimate
- MemberDirect Portal

MemberDirect provides Active Members secure access to view account balance information, including years of credited service; view annual benefit statements; run benefits estimates; and communicate with ERS Staff and receive electronic notifications.

QUESTIONS? CONTACT US.

Employees' Retirement System

The Maryland-National Capital Park and Planning Commission
6611 Kenilworth Avenue, Suite 100
Riverdale, Maryland 20737

Telephone: 301-454-1415
Fax: 301-454-1420
Email: contactERS@mncppc.org

Office Hours
Monday-Friday
8:00 a.m. to 5:00 p.m.

Visit us on the web at <https://ers.mncppc.org>

Total Membership

	June 30, 2023	June 30, 2022	June 30, 2021	% change 2023	% change 2022
Total Membership	4,945	4,768	4,691	3.71	1.6
Active	2,192	2,127	2,230	3.06	(4.6)
Retirees, Beneficiaries, and Disabled	1,898	1,825	1,741	4.00	4.8
Inactive Non-Vested	622	581	499	7.06	16.4
Inactive Vested	233	235	221	(0.85)	6.3
Active Members	2,192	2,127	2,230	3.06	(4.6)
Average Age	47.18	47.52	47.31	(0.72)	0.4
Average Years of Service	10.33	11.07	11.14	(6.68)	(0.6)
Average Annual Salary	\$ 90,379	\$ 82,228	\$ 79,824	9.91	3.0
Active Members Eligible for Normal Retirement within the Next 5 Years	596	628	661	(5.10)	(5.0)
Number Receiving Benefits	1,874	1,804	1,717	3.88	5.1
Average Monthly Benefit	\$ 2,970	\$ 2,851	\$ 2,801	4.17	1.8
Average Final Average Salary	\$ 71,907	\$ 70,243	\$ 68,625	2.37	2.4
Average Years of Service	22.7	22.6	22.5	0.44	0.4

Membership by Plan

as of June 30, 2023



	Plan A	Plan B	Plan C	Plan D	Plan E
Total Membership	240	2,679	361	108	1,557
Active	-	772	196	1	1,223
Retirees, Beneficiaries, and Disabled	240	1,438	108	104	8
Inactive Non-Vested	-	268	37	2	315
Inactive Vested	-	201	20	1	11

Average Monthly Benefit Payment

as of June 30, 2023

YEARS OF CREDITED SERVICE	0-5	6-10	11-15	16-20	21-25	26-30	>30	Total
Number Receiving Benefits	65	208	227	257	317	432	368	1,874
Average Monthly Benefit	\$539	\$764	\$1,293	\$1,963	\$3,179	\$3,979	\$5,018	\$2,970
Average Final Salary	\$50,386	\$52,435	\$60,945	\$67,872	\$77,406	\$77,053	\$86,225	\$71,907
Average Years of Service	4.5	8.6	13.6	18.6	23.5	29.1	34.1	22.7

FUNDING SUMMARY

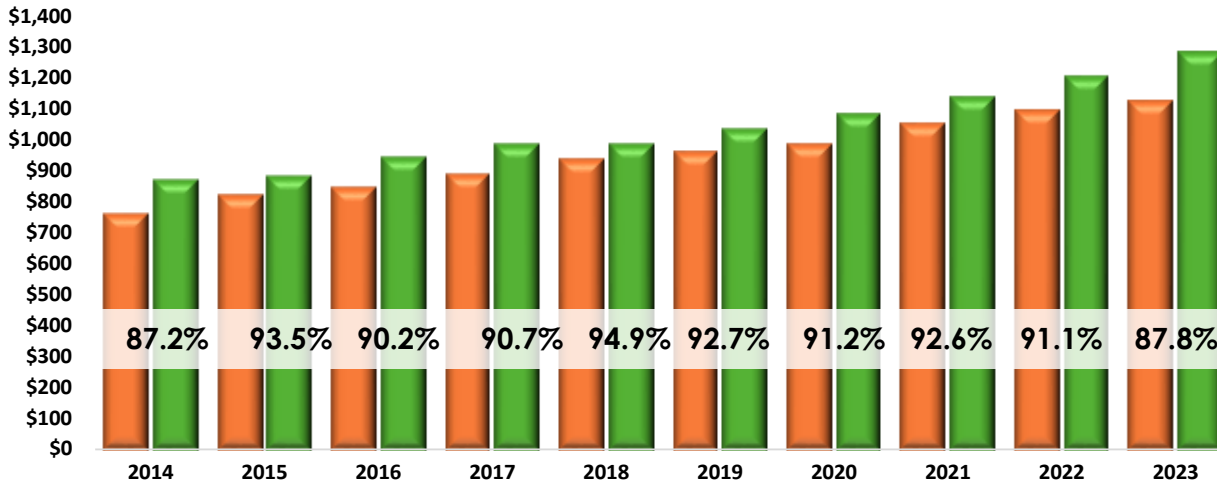
The funded ratio is a measure of a plan's health and is a gauge of progress in accumulating assets to pay the promised benefits. The funded ratio can change annually based on changes in liabilities, investment returns, actuarial assumptions, employee demographics, and more. Analysis of the trend overtime indicates whether the ERS is becoming stronger or weaker. The upwards trend since 2013 is a positive sign. The ERS' ability to provide benefits is strong and secure because the Commission has consistently funded the plan in both the good and bad years.

Valuation of Assets to Liabilities

as of July 1, (\$millions)

- Actuarial Value of Assets¹
- Actuarial Accrued Liability

% equals Funded Ratio



¹The actuarial value of assets is determined by a smoothing formula to eliminate short-term market fluctuations and will differ from the fair value of assets.

Schedule of Funding Progress

Actuarial Valuation Date ¹	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Actuarial Accrued Unfunded Liability (b) - (a)	Funded Ratio % (a) / (b)
7/1/2014	766,531,514	879,190,389	112,658,875	87.19
7/1/2015	830,052,104	887,487,374	57,435,270	93.53
7/1/2016	856,279,531	949,298,226	93,018,695	90.20
7/1/2017	899,336,519	991,624,737	92,288,218	90.69
7/1/2018	943,070,635	993,322,340	50,251,705	94.94
7/1/2019	968,142,434	1,043,820,211	75,677,777	92.75
7/1/2020	995,043,914	1,091,238,867	96,194,953	91.18
6/30/2021	1,060,873,621	1,145,821,511	84,947,890	92.59
6/30/2022	1,101,798,189	1,209,526,280	107,728,091	91.09
6/30/2023	1,136,158,437	1,293,753,448	157,595,011	87.82

¹Actual valuation date is June 30 beginning in 2021.

Summary Statements of Changes in Fiduciary Net Position

June 30, 2024, 2023 and 2022

The Summary Statements of Fiduciary Net Position are a snapshot of what the ERS owned (assets) and what the ERS owed (liabilities), and the difference (net position) which represents the funds available to pay retirement benefits.

	2024	2023	2022	% change 2024	% change 2023
ASSETS					
Investments, at fair value	1,138,819,132	1,099,489,338	1,057,496,629	3.6	4.0
Receivables	1,497,737	1,364,019	1,055,518	9.8	29.2
Securities lending collateral	28,584,757	32,123,679	32,217,495	(11.0)	(0.3)
Other assets	827,283	1,093,915	1,241,455	(24.4)	(11.9)
TOTAL ASSETS	1,169,728,909	1,134,070,951	1,092,011,097	3.1	3.9
LIABILITIES					
Payables and accrued liabilities	7,408,567	2,607,555	2,815,888	184.1	(7.4)
Payable for securities lending collateral	29,404,572	32,666,910	33,041,917	(10.0)	(1.1)
TOTAL LIABILITIES	36,813,139	35,274,465	35,857,805	4.4	(1.6)
NET POSITION	1,132,915,770	1,098,796,486	1,056,153,292	3.1	4.0

Summary Statements of Changes in Fiduciary Net Position

For the Years Ended June 30, 2024, 2023 and 2022

The Summary Statements of Changes in Fiduciary Net Position are a summary of the flow of money in (additions) and out (deductions) of the ERS.

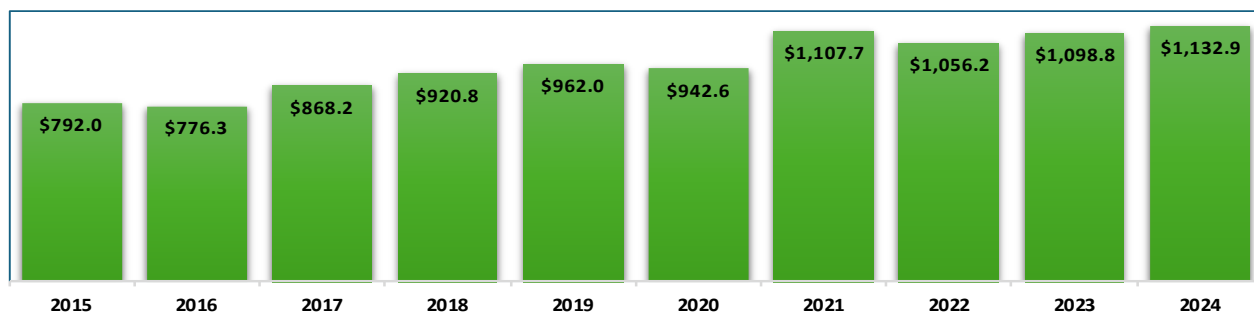
	2024	2023	2022	% change 2024	% change 2023
ADDITIONS					
Employee Contributions	\$ 9,469,134	\$ 8,303,091	\$ 7,728,640	14.0	7.4
Employer Contributions	28,367,491	25,682,999	26,174,744	10.5	(1.9)
Net investment gain (loss)	71,482,530	79,024,663	(20,830,306)	(9.5)	(479.4)
TOTAL ADDITIONS	109,319,155	113,010,753	13,073,078	(3.3)	764.5
DEDUCTIONS					
Benefit payments	71,265,323	66,591,987	61,421,374	7.0	8.4
Refunds of contributions	981,646	1,212,004	823,092	(19.0)	47.3
Administrative expenses	2,952,902	2,563,568	2,397,208	15.2	6.9
TOTAL DEDUCTIONS	75,199,871	70,367,559	64,641,674	6.9	8.9
INCREASE/ DECREASE IN NET POSITION	34,119,284	42,643,194	(51,568,596)	(20.0)	(182.7)
NET POSITION					
BEGINNING OF YEAR	1,098,796,486	1,056,153,292	1,107,721,888	4.0	(4.7)
END OF YEAR	\$ 1,132,915,770	\$ 1,098,796,486	\$ 1,056,153,292	3.1	4.0

FINANCIAL SUMMARY

Net Position Growth

As of June 30,
(\$millions)

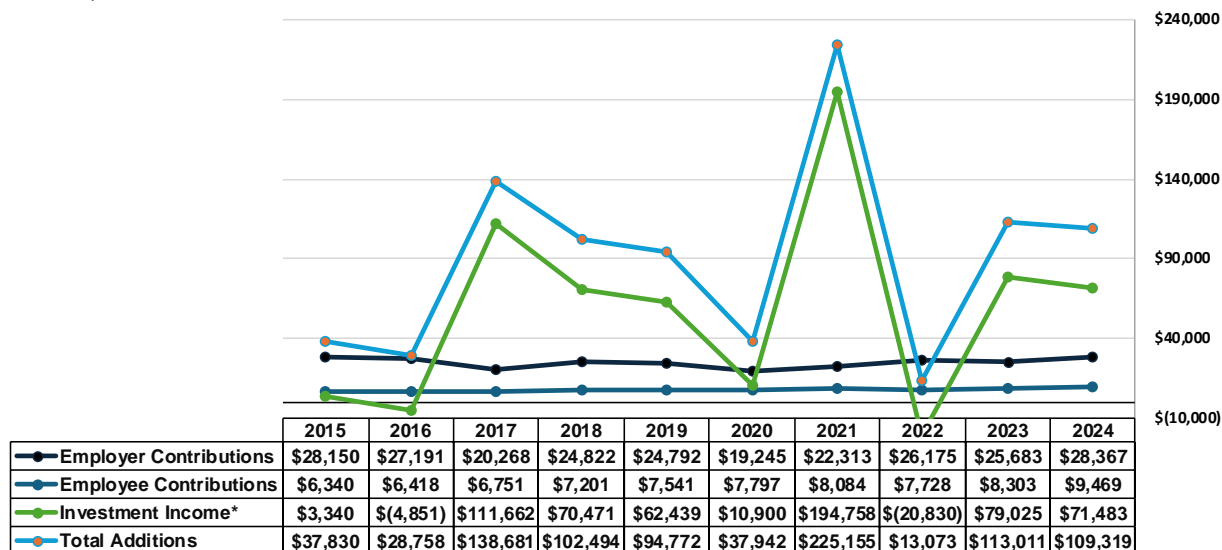
The amount accumulated to pay retirement benefits increased by \$34.1 million, or 3.1%, from \$1.10 billion in 2023 to \$1.13 billion in 2024 because steady investment gains (\$71.5 million) and a \$3.9 million increase in contributions offset a \$4.4 million increase in benefits.



Employer and employee contributions as well as income from investments provide the reserves needed to pay retirement benefits, refund contributions, and administer the ERS.

Additions

For Fiscal Years Ended June 30
(\$thousands)



*Net of Fees

For fiscal year 2024, additions totaled \$109.3 million, a decrease of \$3.7 million or 3.3%, from the prior year. During 2024, 2023 and 2022 the employer contributions were \$28.4 million, \$25.7 million, and \$26.2 million, respectively. Employee contributions increased by 1,166,043 or 14.4% in 2024, due to a \$153,471 increase in purchase of service credits and \$359,422 in regular contributions driven by salary increases for active members. Investment income decreased \$7.5 million due to a decrease in the investment earnings.

FINANCIAL SUMMARY

Additions by Source

For Fiscal Year Ended June 30, 2024



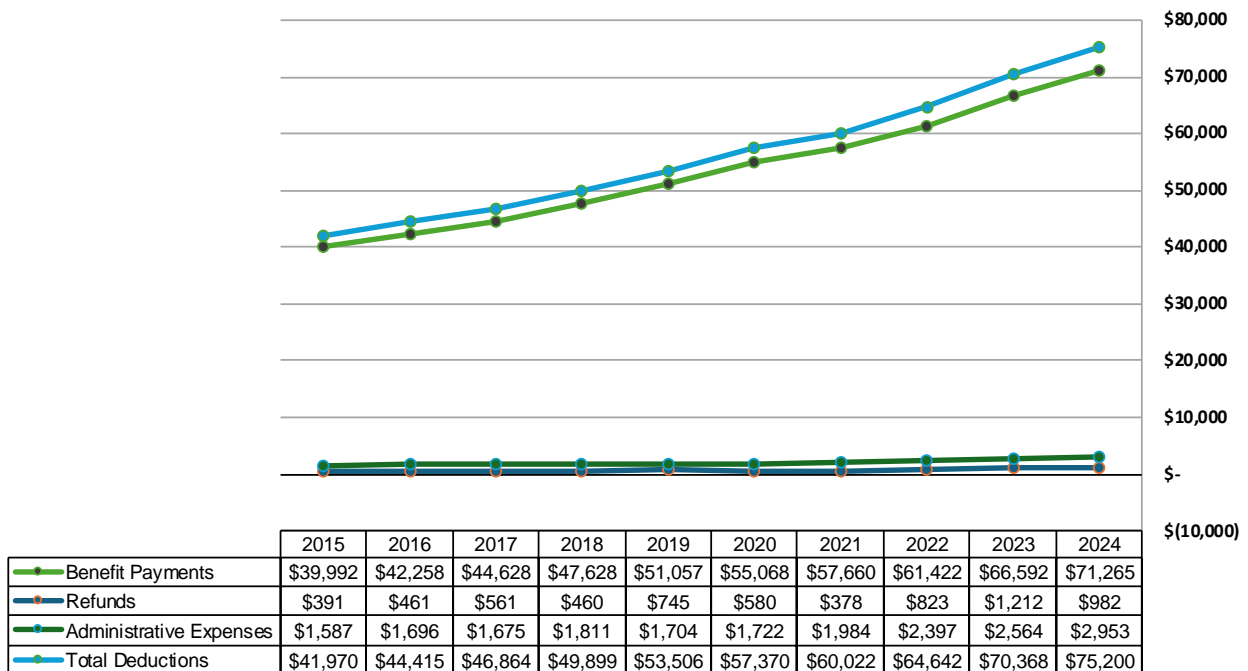
- Employee Contributions
- Employer Contributions
- Investment Income

Employee Contributions	\$9.5
Employer Contributions	\$28.4
Investment Income	\$71.5

The ERS was created for the principal purpose of providing retirement annuities and survivor benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments, refunds of contributions to terminated employees, and the cost of administering the ERS.

Deductions

For Fiscal Years Ended June 30
(\$thousands)



For fiscal year 2024, deductions totaled \$75.2 million, an increase of \$4.8 million, or 6.9% from the prior year. As expected, benefit payments to retirees and beneficiaries were the primary deduction in 2024, totaling \$71.3 million. The increase in benefits payments for 2024 reflects the 4.1% increase in the average monthly benefit paid to retirees and beneficiaries and a cost-of-living adjustment of 5.0% for Tier I service and 2.5% for Tier II service effective July 1, 2023. Payments to members withdrawing contributions totaled \$1.0 million with the remaining \$3.0 million accounting for administrative expenses.

Deductions by Source (in thousands)

For Fiscal Year Ended June 30, 2024

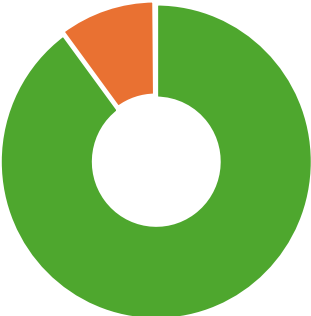


- Benefit Payments *94.8% of deductions were for benefit payments*
- Refunds of Contributions *1.3% of deductions were for refunds of contributions*
- Administrative Expenses *3.9% of deductions were for administrative expenses*



Benefit Payments by Type (in thousands)

For Fiscal Year Ended June 30, 2024



- Retirees *\$64,049 was paid to retirees*
- Survivors *\$7,136 was paid to survivors*
- Disability Benefits* *\$80 was paid for disability benefits*

*Disability retirement benefits were prospectively discontinued on August 1, 1982

ASSET ALLOCATION

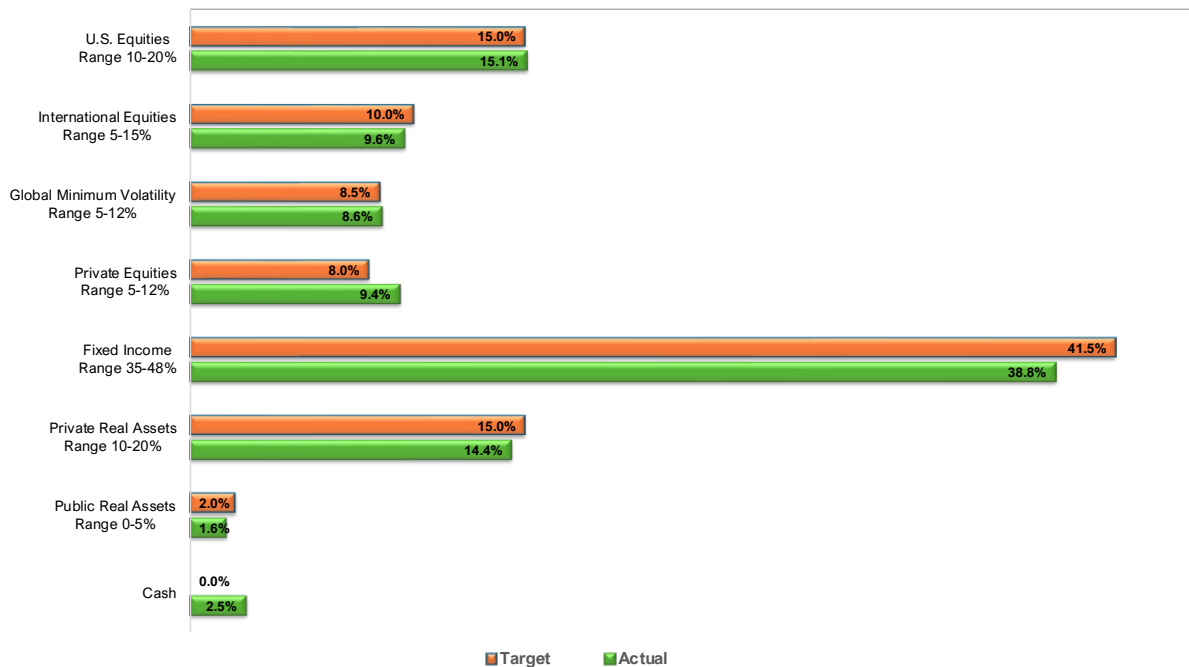
The Board oversees the ERS through a carefully planned and diversified investment portfolio. The Statement of Investment Policy outlines the ERS’ long-term objectives and investment diversification. A portfolio should be diversified at two levels: between asset classes and within asset classes. This diversification is called asset allocation.

Asset allocation involves dividing the portfolio among different asset classes such as equities, fixed income, and real assets. The goal is to balance the risk and return of the portfolio by including asset classes that move up and down under different market conditions.

Diversification within each asset class is accomplished using multiple investment managers. Each manager has a set of guidelines which outline the manager’s mission, objectives, benchmarks, authorized investments, and restrictions. Annually, the Board reviews each manager’s performance against these guidelines. Please refer to the Investment Manager Matrix on page 59 of the Annual Comprehensive Financial Report.

A new asset allocation policy was approved in April 2022 to add a dedicated allocation to emerging market debt and to reduce U.S. and International Equities. This new policy was fully implemented in fiscal year 2022.

Actual Asset Allocation vs. Target Policy

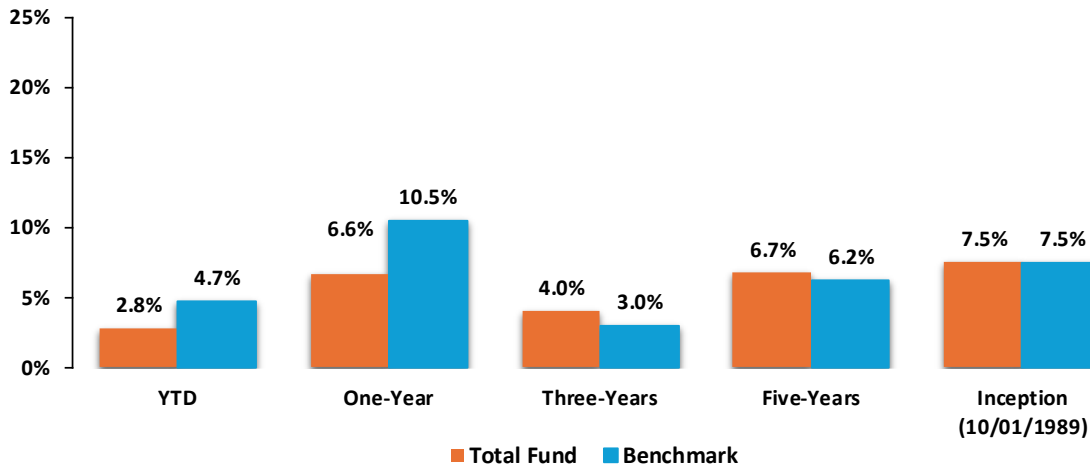


INVESTMENT PERFORMANCE

Investment returns are reported net of investment expenses, on an average annualized basis. The total fund is measured against a policy benchmark and asset classes are measured against a relevant broad market benchmark. Benchmarks are standards used to measure investment performance. The investment portfolio was valued at \$1.13 billion as of June 30, 2024.

Total Fund vs. Benchmark

As of June 30, 2024



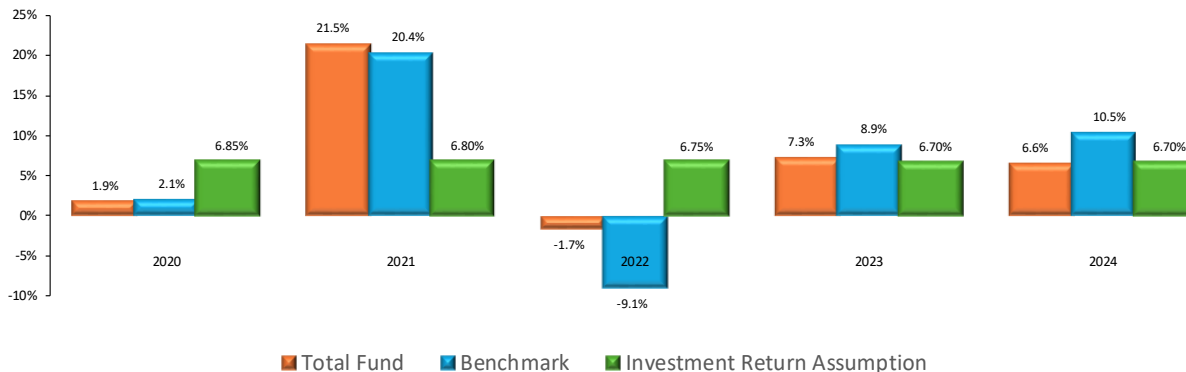
For the one-year ending June 30, 2024, the total fund returned 6.6% compared to the policy benchmark return of 10.5% and the assumed rate of return of 6.70%. Over the past one-year the plan’s public e equities and fixed income portfolio posted positive returns, which attributed to strong absolute investment performance.

For the three-years, five-years, and since inception periods ending June 30, 2024, total portfolio returns were 4.0%, 6.7%, and 7.5%, respectively. Strong U.S. and non-U.S. equity markets combined with a maturing private equity portfolio contributed to longer-term performance.

Total Fund vs. Benchmark and Investment Return Assumption¹

For Fiscal Years Ended June 30

This chart shows returns compared to the policy benchmark and investment return assumption for the last 5 years. Returns on investments in excess of the investment return assumption decreases the actuarial accrued liabilities² and contributions to the Plan.



¹ The actuarially estimated rate is used to adjust a series of future investment earnings to reflect the time value of money.

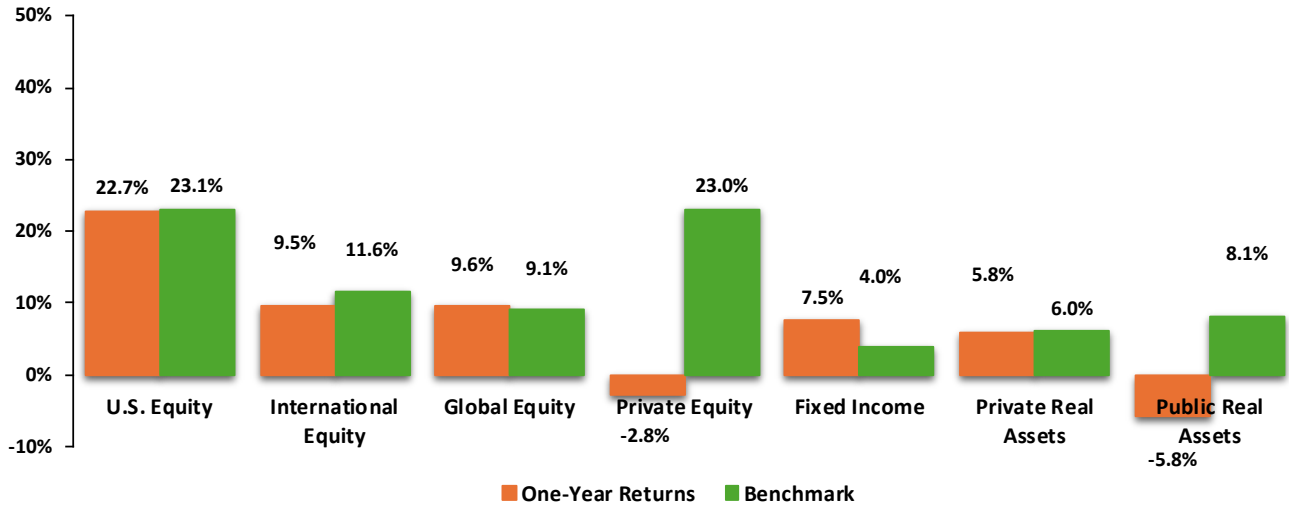
² Measures, in today’s dollars, the difference in the value of benefits and future normal costs to provide those benefits.

INVESTMENT PERFORMANCE

One-Year Returns vs. Benchmark by Asset Class

As of June 30, 2024

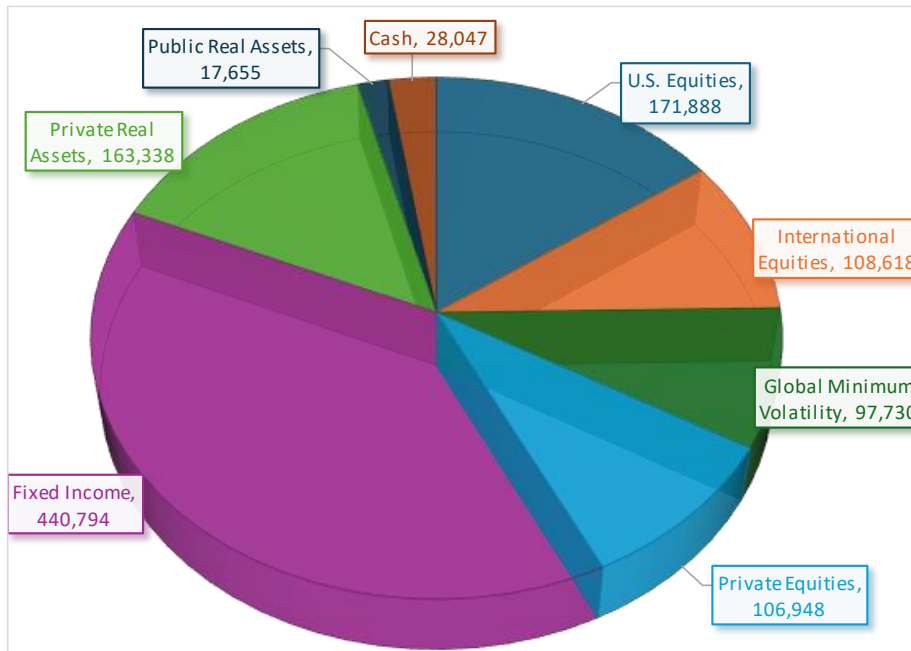
Individual asset classes generated the following performance for the one-year ending June 30, 2024:



Market Value by Asset Class

As of June 30, 2024

(\$ in millions)

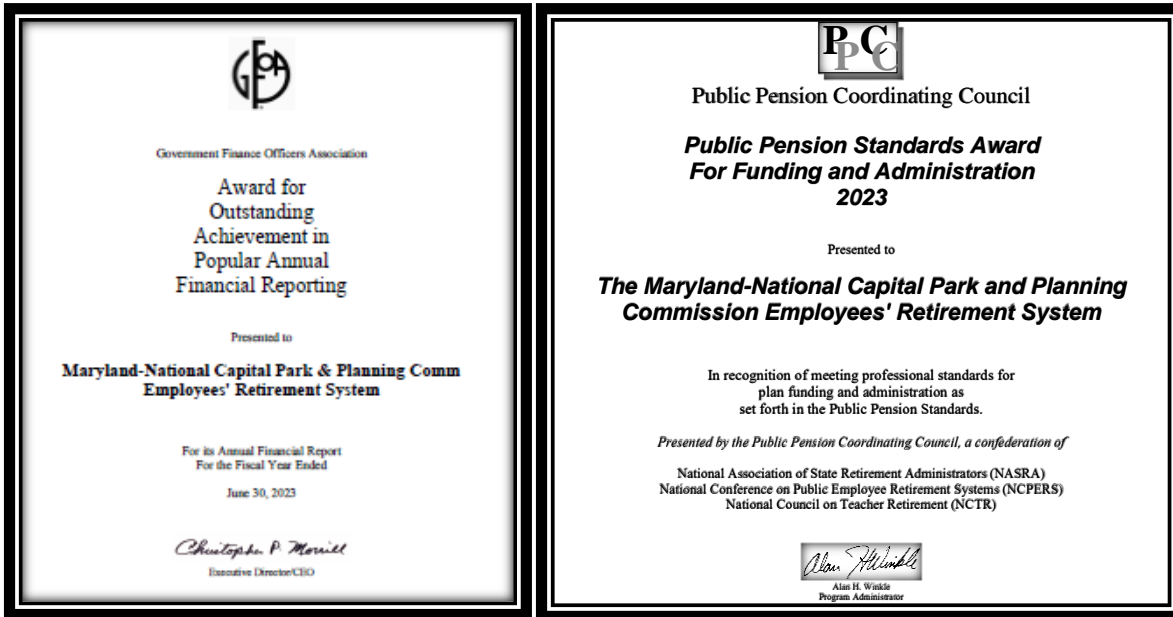




Awards for Excellence

The ERS received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for its 2022 Popular Annual Financial Report. This marks the 14th consecutive year the ERS has received this award.

For the last 19 years, the ERS earned the Public Pension Coordinating Council's award for Funding and Administration. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management, administration, and funding. The Standards serve as a benchmark by which all public defined benefit plans should be measured.



This Popular Annual Financial Report ("Annual Report") is for informational purposes only and provides general information designed to educate employees and retirees about the Maryland-National Capital Park and Planning Commission ("Commission") Employees' Retirement System (ERS). The information found in this Annual Report should not serve as the sole or primary basis for making decisions regarding the financial, investment or funding status of the ERS. To the extent any term or figure in this Annual Report varies from the Plan Document or other governing documents, those pertinent documents will control, and the information provided in this Annual Report will not. The Plan Document and other governing documents, policies, and procedures may be modified or amended from time to time consistent with law and those amendments likewise will control. More generally, in all circumstances the governing documents, policies, and procedures, as amended from time to time, will control over any information provided by the ERS, the Commission or any agent or employee of the ERS or the Commission.