

Employees' Retirement System

The Maryland-National Capital Park and Planning
Commission

Summary Annual
Financial Report

2010



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*“I assure you
the Board is
committed to
providing secure
retirement benefits while
maintaining
the integrity and
longevity of
the fund.”*

Samuel J. Parker, Jr.
Chairman, Board of Trustees



Message from the Chairman

To Our Members:

I am pleased to present the 2010 Summary Annual Financial Report for the Maryland-National Capital Park and Planning Commission Employees' Retirement System (ERS). This report summarizes the more detailed 2010 Comprehensive Annual Financial Report (CAFR) which is prepared and presented in conformity with generally accepted accounting principles. The CAFR is available at the ERS Office and on our website at <http://ers.mncppc.org>.

During 2010, the ERS recovered some of the losses sustained in the economic turmoil that began in 2008 and continued through 2009. These events were unprecedented in the ERS' 38 years of operation. The Board met this challenge by staying informed about the direction of the economy and its impact on the retirement fund. We watched closely the performance of our fund managers and made strategic adjustments when warranted. In early 2009, the Board determined further diversification of the portfolio was required and established a new target asset allocation. Efforts were focused in 2010 on implementing the new asset allocation and positioning the portfolio for recovery. Restructuring the portfolio included the addition of nine managers in fixed income, international equity and opportunistic investments.

The ERS out-performed the majority of funds in our peer group for the one-year period ending June 30, 2010 with a return of 14.7%. The Board is pleased with the recent performance but recognizes that further gains are required to fully recover the 2008/2009 losses. To that end, the Board continues to diligently monitor our existing managers and consider additional opportunities for long-term growth of the fund.

I assure you the Board is committed to providing secure retirement benefits while maintaining the integrity and longevity of the fund. I thank you for your support and look forward to serving you in fiscal year 2011.

Kind regards,

A handwritten signature in black ink that reads "Samuel J. Parker, Jr." The signature is written in a cursive, flowing style.

Samuel J. Parker, Jr.
Chairman, Board of Trustees

Board of Trustees

Samuel J. Parker, Jr.

Chairman
Term expires: 6/30/2013

Joseph Alfandre

Vice Chairman
Term expires: 6/30/2011

Khalid Afzal

Montgomery County Open Trustee
Term expires: 6/30/2012

Patricia Colihan Barney

Executive Director
Ex-Officio

Richard H. Bucher, Ph.D.

Prince George's County Public Member
Term expires: 6/30/2011

Lynn Kelly

Prince George's County Open Trustee
Term expires: 6/30/2012

Gail Heath

MCGEO Represented Trustee
Term expired: 6/30/2013

Sergeant Guy Jones

FOP Represented Trustee
Term expires: 6/30/2013

Elton F. King

Montgomery County Public Member
Term expires: 6/30/2011

Barbara Walsh

Bi-County Open Trustee
Term expires: 6/30/2011

Joe Zimmerman

Secretary-Treasurer
Ex-Officio

The Board of Trustees (Board) administers the Employees' Retirement System (ERS) in accordance with the Trust Agreement between the Board and the Maryland-National Capital Park and Planning Commission (Commission).

The Board's main responsibility is to administer the ERS for the sole benefit of the members and to pay the benefits promised.

The Board consists of 11 appointed and elected members as adopted by the Commission on July 24, 2001.

Trustees serve for three-year terms. Trustees elect a chairman and vice chairman to serve for two-year terms.

The Board meets on the first Tuesday of every month, except for August. Board meetings are open to all employees and members of the public.

Members of the Board may be contacted in writing through the ERS office.

ERS Staff, Consultants & Professional Service Providers

ERS Staff

Andrea L. Rose
Administrator

Heather D. Brown
Administrative Assistant

Member Relations

Antonia L. Lanier
Member Relations Manager

Lisa D. Butler
Senior Retirement Benefits Analyst

Angela Griggs-Montero
Member Relations Assistant

Technical and Accounting Services

Sheila S. Joynes
Accounting Manager

Ann L. McCosby
IT Systems Manager/Leader

Edward D. Sarkar
IT Manager/Leader

Consultants & Professional Service Providers

Actuary
AON Consulting

Auditor
Clifton Gunderson LLP

Banking
The Northern Trust Company
Bank of America

Investment Consultant
Wilshire Associates

Legal
M-NCPPC Legal Department
GROOM Law Group
Robbins Geller Rudman & Dowd, LLP

Transition Manager
Global Transition Solutions, Inc.

ERS Staff and Board members can be contacted at:

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) 454-1413
<http://ers.mncppc.org>

Hours of Service
Monday-Friday
8 a.m. to 5 p.m.

Investment Consultant's Summary Report

By Wilshire Associates

Overview

The overall goal of the Maryland-National Capital Park and Planning Commission Employees' Retirement System (ERS) is to provide benefits, as anticipated under the ERS' governing plan document, to its participants and their beneficiaries through a carefully planned and executed investment program. Through this program, the ERS seeks to produce a return on investment while maintaining levels of liquidity and investment risk that are prudent and reasonable given the financial status of the ERS and the prevailing capital market conditions. While the ERS recognizes the importance of the preservation of capital, it also recognizes the critical importance of a reasonable investment return in meeting the long-term financial requirements of the ERS. It adheres to the theory of capital market pricing that maintains that varying degrees of investment risk should be rewarded with compensating returns. Consequently, prudent risk-taking is both necessary and justifiable.

Portfolio Review

The net of investment fee performance as of June 30, 2010 is detailed in the following table:

	YTD	1 Year	3 Years	5 Years	Inception
	%	%	%	%	%
Total Fund	-5.3	14.7	-5.4	1.2	7.1
<i>Policy Index/Blended Benchmark</i>	-6.1	11.9	-4.8	1.4	7.6
Domestic Equity Composite	-11.4	16.0	-10.2	-0.9	7.8
<i>S&P 500</i>	-11.4	14.4	-9.8	-0.8	7.7
<i>DJ Wilshire 5000</i>	-11.2	15.7	-9.4	-0.3	7.7
Fixed Income Composite	2.3	15.5	5.6	4.5	6.9
<i>Barclays Aggregate</i>	3.5	9.5	7.6	5.5	7.2
<i>Policy Index</i>	2.2	10.4	6.9	5.4	7.2
International Equity Composite	-12.6	8.4	-14.0	0.7	5.3
<i>MSCI EAFE</i>	-14.0	5.9	-13.4	0.9	3.7
<i>Policy Index</i>	-14.0	5.9	-13.4	0.9	3.8
Real Estate Composite	4.6	-9.0	--	--	-15.6
<i>NCREIF Property Index</i>	3.3	-1.5	--	--	-6.3

The chart above shows the year-to-date, one, three, five, and inception annualized returns as of June 30, 2010 for the total fund and each of the underlying composites. The chart shows the relative broad market benchmark for the underlying asset classes as well as the policy index which is a blend of benchmarks used currently and historically.

Investment Consultant's Summary Report (continued)

The total fund portfolio experienced strong relative performance during the year-to-date and one year periods, outperforming the policy index by 0.8% and 2.8%, respectively. The three and five year returns underperformed the policy index by 0.6% and 0.2%, respectively. Distress in fixed income and real estate market segments were the primary detractors from ERS performance over these longer time periods.

The domestic equity composite lagged the broad U.S. equity market over three and five year time periods, yet outperformed both the DJ Wilshire 5000 and Standard & Poor's 500 since inception. The domestic equity portfolio recently underwent a restructuring aimed at exploiting inefficiencies in the market and reducing the level of active risk. Relative performance continues to improve as demonstrated by one year outperformance.

The fixed income composite is broadly diversified. Over the past year, management activities for this segment of the ERS include the addition of two core fixed income managers, a high yield manager, and two long duration fixed income managers. The composite was also diversified with investment manager strategies aimed at taking advantage of opportunistic investments related to the Public Private Investment Program as well as distressed credits. Over the past year, unwinding of the *flight to safety* has been beneficial to the broadly diversified fixed income composite. Outperformance of 5.1% versus the policy index is noteworthy, but also a level of magnitude that is not likely to be repeated in the near future as markets normalize.

The international equity composite outperformed its policy index over year-to-date and one year periods by 1.4% and 2.5%, respectively. Three and five year period performance slightly trails the policy index. Over the past year, restructuring activity included the addition of a broadly diversified international equity manager.

The real estate composite was implemented at the end of the third quarter of 2007. It has lagged the NCREIF Property Index since inception. While the NCREIF Property Index represents performance of unleveraged real estate holdings, the ERS real estate composite is implemented using very conservative amounts of leverage that are anticipated to be beneficial over time. This segment of the portfolio was invested conservatively in stable, income-producing properties that were better positioned to weather the downturn than more aggressive strategies. The year-to-date return of 4.6% represents a reversal in the downturn that the real estate composite has experienced since its inception.

Investment Manager Matrix

Investment Manager	Style	Account Balance	
		6/30/2010	% of Fund
<u>Domestic Equities</u>			
Artisan	Small Cap Value	\$ 16,517,000	3.24%
BlackRock Institutional Trust	Large Cap	66,831,000	13.12%
J.P. Morgan	130/30 Short Extension	23,193,000	4.55%
Ranger Capital	SMID-Cap Growth	15,751,000	3.09%
RhumbLine Advisers	Large Cap	57,880,000	11.36%
		<u>\$ 180,172,000</u>	<u>35.36%</u>
<u>International Equities</u>			
AllianceBernstein	International Equities	\$ 28,464,000	5.59%
Capital Guardian Trust	International Equities	32,528,000	6.39%
*Earnest Partners	International Equities	31,678,000	6.22%
		<u>\$ 92,670,000</u>	<u>18.20%</u>
<u>Fixed Income</u>			
*C.S. McKee, L.P.	Core	\$ 25,340,000	4.98%
*Eaton Vance	Core	25,350,000	4.98%
Loomis Sayles & Company	High Yield	27,312,000	5.36%
*Neuberger Berman	High Yield	15,669,000	3.08%
*Pugh Capital Management	Long Duration	17,186,000	3.37%
*Pyramis Global Advisors	Long Duration	31,143,000	6.11%
Western Asset	Core	43,755,000	8.59%
Western Asset	Global TIPS ¹	20,368,000	4.00%
W. R. Huff	High Yield ²	309,000	0.06%
*AllianceBernstein Legacy Securities, L.P.	Public Private Investment Program	5,444,000	1.07%
*Oaktree PPIP Private Fund, L.P.	Public Private Investment Program	433,000	0.09%
*Oaktree Opportunities Fund VII, L.P.	Distressed Opportunities	1,457,000	0.29%
		<u>\$ 213,766,000</u>	<u>41.98%</u>
<u>Real Estate</u>			
Principal Global Investors	Real Estate	\$ 20,196,000	3.97%
<u>Cash</u>			
		<u>\$ 2,496,000</u>	<u>0.49%</u>
TOTAL		<u><u>\$ 509,300,000</u></u> ³	<u><u>100%</u></u>

¹Treasury Inflation Protected Securities

²Maintains Adelpia and Century Securities

³Net of Accrued Income on Investments and Investments Payable

* Manager added during FY2010 as part of the portfolio restructuring.

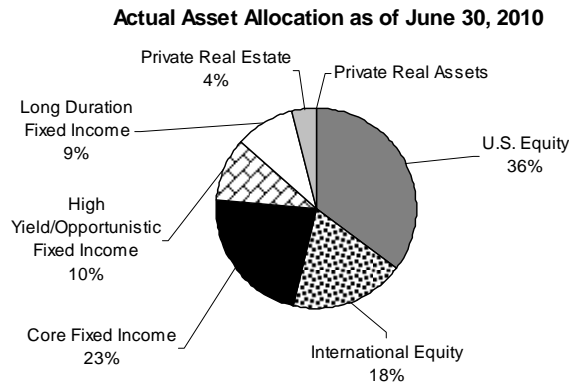
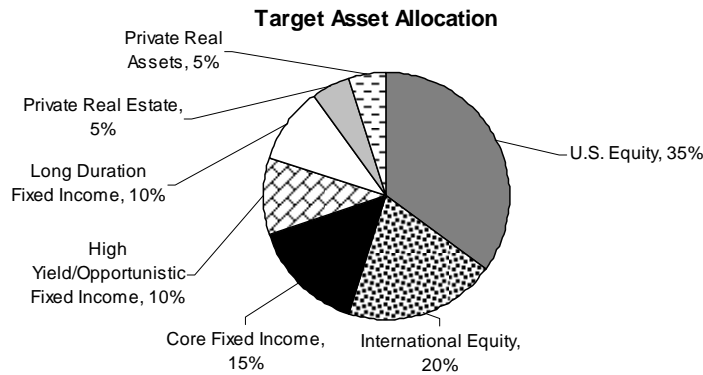
Investment Policy & Asset Allocation

The Board of Trustees (Board) is authorized to invest and reinvest the Trust Fund (Fund), formulate investment policies, develop investment manager guidelines and objectives, and approve the retention of qualified advisors and investment managers.

The Board's Investment Policy outlines the responsibility for the investment of the Fund and formulates a portfolio that is broadly diversified among investment managers and across investment classes, to achieve an appropriate balance between risk and return ensuring the security of members' benefits. See Investment Manager Matrix on page 8.

Fund assets should be invested to obtain an appropriate long-term total return consistent with the overriding goal of limiting the risk of a large loss. Each investment manager has a set of guidelines, which are appropriate for each manager's mission. Investment managers have discretion within the constraints of these guidelines and are subject to regular review by the Board.

In February 2009, the Board established a new target asset allocation which seeks to make the promised benefits more secure while lowering the cost of funding those benefits. As of June 30, 2010, investment allocations were consistent with the policy with the exception of private market investments which will be funded gradually over time. The target asset allocation is shown below:



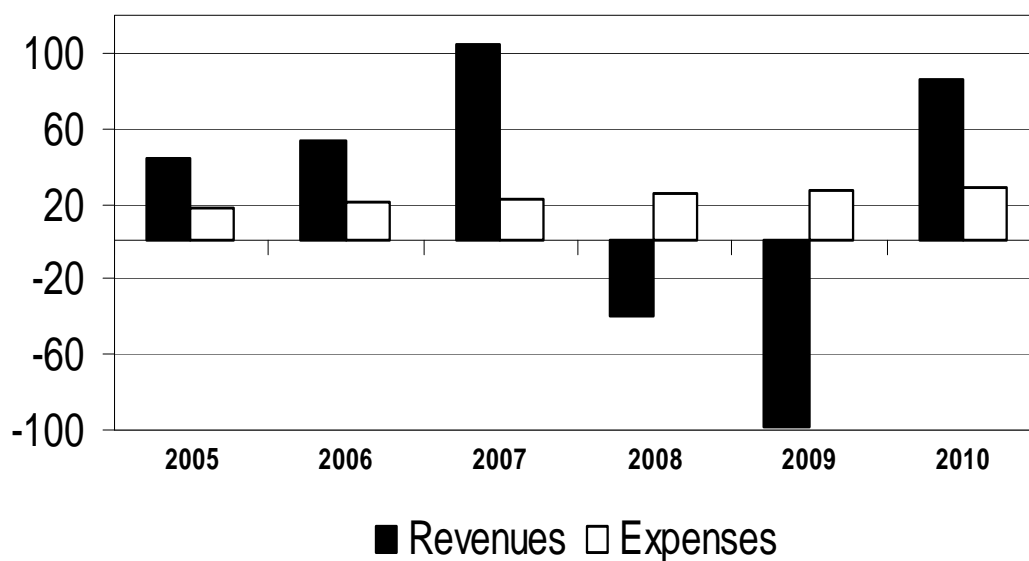
Financial Summary

The ERS was created for the principle 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.

	2010	2009	Increase (Decrease) Amount	Increase (Decrease) Percentage
Benefits	\$ 27,567,271	\$ 25,670,702	\$ 1,896,569	7.4%
Refunds	334,929	249,583	85,346	34.2%
Administrative Expenses	1,322,931	1,358,695	(35,764)	(2.6%)
Total	<u>\$ 29,225,131</u>	<u>\$ 27,278,980</u>	<u>\$ 1,946,151</u>	7.1%

Expenses for fiscal year 2010 totaled \$29,225,131 an increase of 7.1% over fiscal year 2009. As expected, the benefit payments to retirees and beneficiaries were the primary expense in 2010, totaling \$27,567,271. The increase in benefits reflects the increase in retired members and beneficiaries and a 3.4% cost-of-living adjustment effective July 1, 2009. Payments to members withdrawing contributions totaled \$334,929 with the remaining \$1,322,931 accounting for administrative expenses. Please refer to the Summary Statements of Changes in Plan Net Assets on page 13.

**Additions to and Deductions from Net Assets
For the years ended June 30
(\$Millions)**



Financial Summary (continued)

The collection of employer and employee contributions as well as income from investments provides the reserves needed to finance retirement benefits. Contributions and investment income for fiscal year 2010 totaled \$86,211,593.

	2010	2009	Increase (Decrease) Amount	Increase (Decrease) Percentage
Employee Contributions	\$ 5,136,526	\$ 4,892,570	\$ 243,956	5.0%
Employer Contributions	17,614,908	14,933,506	2,681,402	18.0%
Net Investment Gain (Loss)	<u>63,460,159</u>	<u>(119,444,868)</u>	<u>182,905,027</u>	153.1%
Total	<u>\$ 86,211,593</u>	<u>\$ (99,618,792)</u>	<u>\$ 185,830,385</u>	186.5%

Employee contributions increased by \$243,956, 5.0%, which is attributable to higher salaries. Employer contributions to the ERS increased by \$2,681,402, 18%, as a result of salary increases greater than expected; retirements greater than anticipated due to an incentive; and assumption changes for sick leave and compensation limits. An initial recovery in the market resulted in the net investment gain for 2010 totaling \$63,460,159. Net investment income varies due to fluctuations in the market. Please refer to the Summary Statements of Changes in Plan Net Assets and the Schedule of Employer Contributions on pages 13 and 14, respectively.

Additions to Net Assets by Sources For the years ended June 30 (\$Millions)



Summary Statements of Plan Net Assets

June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Investments, at fair value	\$ 515,986,659	\$ 460,032,904
Receivables	1,687,616	1,401,972
Securities lending short term collateral investment pool	30,425,252	21,963,391
Other assets	<u>53,762</u>	<u>14,783</u>
TOTAL ASSETS	548,153,289	483,413,050
LIABILITIES		
Payables and accrued liabilities	8,711,263	9,609,767
Payable for securities lending collateral	<u>31,189,565</u>	<u>22,537,284</u>
TOTAL LIABILITIES	39,900,828	32,147,051
NET ASSETS	<u>\$ 508,252,461</u>	<u>\$ 451,265,999</u>

The Summary Statements of Plan Net Assets presents the ERS' assets and liabilities and the resulting net assets for the fiscal years ended June 30, 2010 and 2009. The net assets of \$508.3 million for fiscal year 2010 are held in trust for current and future benefits. The statement reflects a snapshot of investments, at market value, receivables, other assets and liabilities. Investments make up the largest portion of net assets held in trust for benefits. During 2010, the value of the ERS' investment portfolio substantially recovered from the negative market conditions in 2009.

Securities lending collateral is another significant asset. We are required to report both the asset and related liability of the collateral received for securities on loan at the fiscal year end. At June 30, 2010 and 2009, the cost basis of the collateral exceeded its market values, and therefore an unrealized loss on the collateral pool of \$764,313 and \$573,893 was reported for 2010 and 2009, respectively. The receivables and payables are a reflection of the pending trades in 2010 and 2009, respectively. The ERS' Board of Trustees continues to reallocate and diversify the investments to enhance the market opportunities and reduce the portfolio risk to ensure retirement benefits.

Summary Statements of Changes in Plan Net Assets

June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ADDITIONS		
Contributions	\$ 22,751,434	\$ 19,826,076
Net investment gain (loss)	63,460,159	(119,444,868)
TOTAL ADDITIONS	<u>86,211,593</u>	<u>(99,618,792)</u>
DEDUCTIONS		
Benefit payments	27,567,271	25,670,702
Refunds of contributions	334,929	249,583
Administrative expenses	1,322,931	1,358,695
TOTAL DEDUCTIONS	<u>29,225,131</u>	<u>27,278,980</u>
INCREASE (DECREASE) IN NET ASSETS	56,986,462	(126,897,772)
NET ASSETS		
BEGINNING OF YEAR	<u>451,265,999</u>	<u>578,163,771</u>
END OF YEAR	<u>\$ 508,252,461</u>	<u>\$ 451,265,999</u>

The Summary Statements of Changes in Plan Net Assets shows how the ERS' net assets changed during each fiscal year. The statement includes additions from employee and employer contributions and income gained or lost from the investment portfolio. The investment gain/(loss) is presented net of investment expenses and is comprised of interest, realized gains, securities lending income and net unrealized appreciation/(depreciation) in the fair value of investments. Because of a significant market upswing during fiscal year 2010 investment activity posted a gain of \$63.5 million compared to a net loss of \$119.4 million in 2009. The deductions include payment of retiree and survivor benefits, participant refunds and administrative expenses. Deductions for 2010 and 2009 totaled \$29.2 million and \$27.3 million, respectively.

Funding Status

The ERS' funding policy provides for an actuarial valuation each year to determine the funding requirements for the ERS, so that sufficient assets will be available to pay benefits when due. The July 1, 2008 actuarial valuation was performed on the basis of employee census data and investment fund data as of July 1, 2008. As a result of the July 1, 2008 actuarial valuation, an employer contribution of \$17,614,908 was recommended and paid by the Commission on July 1, 2009 for fiscal year 2010, which enables the ERS to meet its funding objectives. This contribution represents 13.3% of covered payroll. Salary increases greater than expected; retirements greater than anticipated due to an incentive; and, assumption changes contributed to the increase in the employer contribution from the previous year.

Employer contribution rates vary each year and have ranged from a high of 19.5% in 1977 to a low of .54% in 2001, while employee contribution rates have remained fixed. The employer contribution rate consists of a normal cost plus an amount to fund any unfunded liability (obligations directly related to funding future retiree benefits) over a fixed period of time. The unfunded liability as of July 1, 2005 is amortized in equal payments to January 1, 2016 with subsequent changes amortized in equal payments over 15 years. If the ERS has a surplus, the employer contribution is offset by a portion of the surplus recognized over the same fixed period of time.

The employer contributions paid prior to 2009 as shown below, resulted from offsetting the employer's normal cost by a portion of the ERS' surplus. The surplus in the ERS has declined over time due to benefit increases as well as declines in market performance. See Funding Progress on page 15. As a result, the employer contributions paid in 2009 and 2010 include the normal cost plus an amount to amortize the unfunded liability.

The most recent actuarial valuation performed July 1, 2009, recommended an employer contribution of \$35,206,700 payable for FY2011.

Schedule of Employer Contributions

Year Ended June 30	Annual Recommended Contribution	Covered Payroll	Employer Contributions as % of Covered Payroll	Percentage Contributed
2006	\$ 8,337,228	\$ 106,058,394	7.86%	100%
2007	9,824,590	109,579,279	8.97%	100%
2008 ¹	10,561,434	109,579,279	9.64%	100%
2009 ²	13,983,669	122,825,271	11.4%	100%
2010	17,614,908	132,240,949	13.3%	100%

¹ In order to budget and appropriately fund future employer contributions, the Commission modified the employer contribution payment schedule. Effective July 1, 2007 employer contributions are paid based upon the prior year's valuation. To transition, the employer contribution payable July 1, 2007 is based upon the July 1, 2006 Actuarial Valuation plus interest at 7.5%. The July 1, 2007 recommended employer contribution is payable July 1, 2008 for fiscal year 2009. This funding process is fairly standard and used by many counties in the State of Maryland.

² An additional employer contribution of \$949,837 was paid by the Commission for a retirement incentive program which made the overall employer contribution equal to \$14,933,506.

Funding Progress

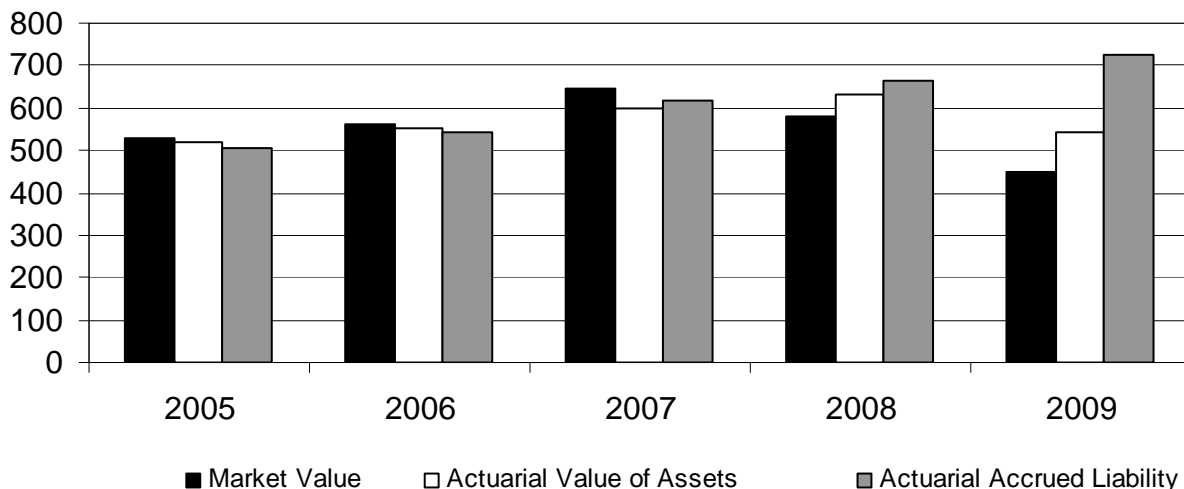
Five-year historical funding information about the ERS is presented to help members assess the ERS' funding status and progress made in accumulating assets to pay benefits.

Schedule of Funding Progress

Actuarial Valuation July 1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio % (1)/(2)
2005	\$ 521,369,236	\$ 507,393,109	\$ (13,976,127)	102.8%
2006	552,432,436	544,748,263	(7,684,173)	101.4%
2007	600,285,246	615,588,955	15,303,709	97.5%
2008	633,699,751	662,224,634	28,524,883	95.7%
2009	541,519,199	726,000,351	184,481,152	74.6%

The information presented shows the actuarial value of assets (1) below the actuarial accrued liability (2), which results in an unfunded actuarial accrued liability (3) of \$184,481,152 for 2009. An increase in the UAAL is due to a significant actuarial asset loss and assumption changes. Analysis over time shows the decline of the "surplus" of excess assets that no longer exists. The ERS is 74.6% funded as of July 1, 2009 which is down from the 95.7% funded ratio as of July 1, 2008. This ratio does not include the current year's increase in assets.

Analysis of Funding Progress as of June 30 (\$Millions)



The total actuarial value of assets as of July 1, 2009 is \$541,519,199 compared to the market value of \$451,265,999. The actuarial value of assets are higher than the market value of assets due to a significant investment loss in 2008/2009 on the market value of assets.

The ERS adopted a new methodology for amortization of the unfunded actuarial liability (UAL) beginning with the July 1, 2007 valuation. The new methodology amortizes each annual gain/loss (change in UAL) over 15 years. See Funding Status on page 14.

About the Employees' Retirement System

The Maryland-National Capital Park and Planning Commission Employees' Retirement System (ERS) covers employees of the Maryland-National Capital Park and Planning Commission (the Commission), a body corporate of the State of Maryland, established by the Maryland General Assembly in 1927. The ERS was established as a single employer defined benefit pension plan effective July 1, 1972, in accordance with the Trust Agreement between the Commission and the ERS Board of Trustees. Today, the ERS consists of four defined benefit plans: Plan A, the original plan; Plan B, for non-police, integrated with Social Security; and Plans C and D, for park police.

General Employees

General employees may be members of Plan A or B. Plan A was the original plan open from July 1, 1972 until December 31, 1978. Plan B is mandatory for all full-time career general employees hired on or after January 1, 1979. Effective January 1, 2009 membership is mandatory for part-time career Merit System employees, Appointed Officials, Commissioners, and employees/directors appointed by the Commission/Planning Board to positions exempted by the Merit System. Under the terms of Plans A and B, the normal retirement date for participating general employees is the first day of the month coinciding with or immediately following the date on which a participant attains age 60 with at least 5 years of credited service, or upon completion of 30 years of credited service, regardless of age.

Park Police Employees

Park Police may be members of Plans C or D. Plan C is mandatory for all Park Police hired on or after July 1, 1993. Plan C also includes members who elected, on or before October 25, 2002, to transfer from Plan D to Plan C. Plan D is closed to new members. The Normal Retirement Date for Plan C members is the first day of the month coinciding with or immediately following the date on which the participant attains age 55 and has completed five years of credited service, or has completed 25 years of credited service, regardless of age. The normal retirement date for Plan D members is the first day of the month coinciding with or immediately following the date on which the participant attains age 55 and has completed five years of credited service, or has completed 22 years of credited service, regardless of age.

Employee Contributions

Employees participating in Plan A contribute 6% of their base pay. Employees participating in Plan B contribute 3% of their base pay up to the Social Security covered wage base and 6% thereafter. Park Police participating in Plans C and D contribute 8% and 7% of their base pay, respectively.

Benefit Payments

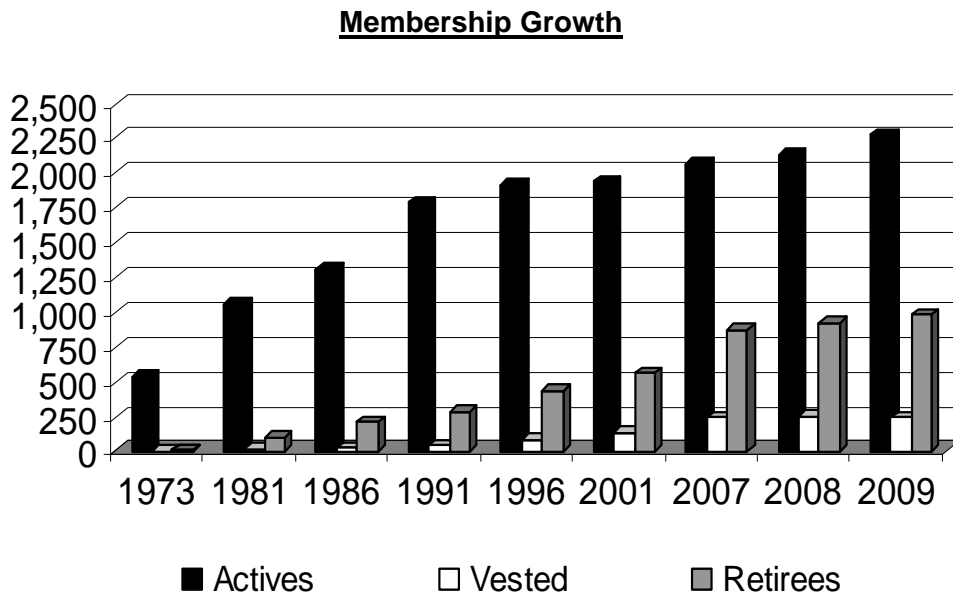
Benefit payments are determined by application of a benefit formula considering the average of an employee's annual base pay during the three consecutive years that produce the highest total earnings prior to retirement, and the number of years of credited service, up to 40 years for members of Plan A, 35 years for members of Plan B, 30 years for members of Plan C, and 32 years for members of Plan D. Under certain conditions, participants may elect to take early retirement at a reduced benefit level. Joint and survivor options are also available under the Plans.

Cost-of-Living Adjustments

Cost-of-Living Adjustments (COLAs) apply for retirees and beneficiaries who have been receiving a benefit for at least six months. The COLA is applied each July 1st and is based on the change in the Consumer Price Index. The COLA can go up or down by 5%, but will never result in a benefit less than the initial benefit.

Membership Growth & Average Monthly Benefit Payments

As of the July 1, 2009 actuarial valuation, membership in the ERS totaled **3,487**. This includes **2,272** active employees; **977** retirees and beneficiaries; and **238** vested members. Membership growth is shown in the chart below:



The chart below shows the average monthly benefit payment, the average final average salary, and the average years of service for retirees and survivors, as of July 1, 2009. The chart is further broken down by years of credited service at retirement.

Average Monthly Benefit Payments

Years of Credited Service	Number of Retirees and Survivors	Average Monthly Benefit	Average Final Average Salary	Average Years of Service
0-5	43	\$408	\$32,038	3.6
6-10	110	\$645	\$41,515	8.1
11-15	111	\$944	\$42,935	12.9
16-20	151	\$1,550	\$49,951	18.1
21-25	185	\$2,423	\$56,984	23.1
26-30	203	\$3,137	\$57,880	28.6
>30	174	\$4,191	\$65,423	33.4
Total	977	\$2,294	\$52,791	21.6

Member Resources and Retirement Services

Annual Benefit Statement

An annual benefit statement is sent to all active, vested and non-vested members each year. This statement provides members with their account balance and a projection of benefits at normal retirement, if applicable.

One-on-One Counseling

This service is available to all active members and potential retirees to discuss benefits, calculations and retirement options.

Publications

The ERS offers an array of publications to members that includes a Comprehensive Annual Financial Report, Summary Annual Financial Report, Plan Document and Summary Plan Description.

Retirement Benefit Estimate

This data report provides members a projection of their retirement annuity based upon a future retirement date, projected credited service and calculation of high three average salary. Members can request a benefit estimate at any time.

Website

We are pleased to announce that during 2010 the Employees' Retirement System (ERS) launched its new website. This site is intended to provide all our members and benefit recipients with current information about the ERS and retirement benefits. The website has been organized in a user-friendly, easy-to-navigate design which has five main categories:

- About ERS
- Member Services
- Forms and Publications
- Summary of Plans
- Professional Services

Visit us at <http://ers.mncppc.org>

Workshops

Retirement education programs are offered to all members and their significant others. The focus of an individual program may change; however, the general topics include: ERS benefits, Social Security, Medicare, retirement planning, legal protections, and more. Our pre-retirement workshops include "FOCUS on Retirement" for new employees; Onsite Workshops; and, Full-Day Workshops. To help ensure our retired members continue to enjoy a secure retirement, the ERS provides many opportunities to enhance their knowledge about the ERS' benefits, pensions, and retirement planning.



Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2009

Presented to

***The Maryland-National Capital Park and Planning
Commission Employees' Retirement System***

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator



This 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 or other governing documents, those pertinent documents will control and the information provided in this Annual Report will not. The Plan documents 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 and 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.

Produced by the Staff of the
Employees' Retirement System
The Maryland-National Capital Park and Planning Commission
6611 Kenilworth Avenue, Suite 100
Riverdale, Maryland 20737
(301) 454-1415
<http://ers.mncppc.org>