

# SENATE BILL 810

P6

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CF HB 1028

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By: **Senator Jackson (Chair, Joint Committee on Pensions)**

Introduced and read first time: January 28, 2025

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Board of Trustees for the State Retirement and Pension System – Investment**  
3 **Division – Compensation and Staffing Committee**

4 FOR the purpose of repealing the Objective Criteria Committee of the Board of Trustees  
5 for the State Retirement and Pension System and establishing a Compensation and  
6 Staffing Committee of the Board of Trustees; providing for the membership of the  
7 Committee; clarifying the Board of Trustees' authority to determine the  
8 qualifications and compensation of and the type and number of positions necessary  
9 for carrying out the professional investment functions of the Investment Division of  
10 the State Retirement Agency; requiring the Committee to make certain  
11 recommendations to the Board of Trustees regarding the objective criteria to be used  
12 in setting compensation and awarding financial incentives to certain employees in  
13 the Investment Division; requiring the Board of Trustees to consider certain  
14 recommendations of the Committee; clarifying the requirements for the Board of  
15 Trustees to enter into an agreement with a consultant to provide certain services to  
16 the Committee; and generally relating to the operations of the Board of Trustees for  
17 the State Retirement and Pension System.

18 BY repealing and reenacting, with amendments,  
19 Article – State Personnel and Pensions  
20 Section 21–108(b), 21–118.1(a), (b), and (d)(1)(i), and 21–122(f) and (g)  
21 Annotated Code of Maryland  
22 (2024 Replacement Volume and 2024 Supplement)

23 BY repealing and reenacting, without amendments,  
24 Article – State Personnel and Pensions  
25 Section 21–122(a)(1) through (3)  
26 Annotated Code of Maryland  
27 (2024 Replacement Volume and 2024 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
2 That the Laws of Maryland read as follows:

3 **Article – State Personnel and Pensions**

4 21–108.

5 (b) In addition to the Investment Committee established under § 21–114 of this  
6 subtitle **AND THE COMPENSATION AND STAFFING COMMITTEE ESTABLISHED UNDER**  
7 **§ 21–122 OF THIS SUBTITLE**, the Board of Trustees may establish other committees.

8 21–118.1.

9 (a) Notwithstanding any other provision of law, on the recommendation of the  
10 Executive Director and the **[Investment] COMPENSATION AND STAFFING** Committee,  
11 the Board of Trustees shall determine the qualifications and appointment, as well as  
12 compensation and leave, for the Chief Investment Officer who shall be the head of the  
13 Investment Division.

14 (b) (1) In making determinations and appointments under this section, the  
15 Executive Director and the **[Investment] COMPENSATION AND STAFFING** Committee  
16 shall consider the comparative qualifications, compensation, and leave of employees  
17 serving in similar positions and discharging similar duties at comparable public pension  
18 funds.

19 (2) (i) 1. The Board of Trustees shall adopt objective criteria for  
20 setting the qualifications and compensation of the Chief Investment Officer.

21 2. The Board shall consider the recommendations of the  
22 **[Objective Criteria] COMPENSATION AND STAFFING** Committee under § 21–122(g) of  
23 this subtitle before adopting objective criteria for setting compensation.

24 (ii) The criteria adopted under subparagraph (i) of this paragraph  
25 shall include objective benchmarks of investment performance that shall be met or  
26 exceeded for the Chief Investment Officer to be eligible for an increase in compensation.

27 (iii) The Board may not grant any increases in compensation to the  
28 Chief Investment Officer in a fiscal year in which State employees are subject to a furlough.

29 (iv) The Chief Investment Officer's compensation may not be  
30 adjusted in accordance with cost-of-living adjustments and merit increases available to  
31 State employees.

32 (d) (1) (i) 1. On the recommendation of the **[Investment]**  
33 **COMPENSATION AND STAFFING** Committee, the Board of Trustees shall establish  
34 objective criteria for awarding financial incentives to the Chief Investment Officer.



1 (iv) For positions that do not involve discretion over  
2 investment-related decisions, the Board of Trustees may not set compensation that exceeds  
3 compensation for providing comparable services in other State employment.

4 (v) Except for positions under subparagraph (iv) of this paragraph,  
5 the compensation of an employee may not be adjusted in accordance with cost-of-living  
6 adjustments and merit increases available to State employees.

7 (VI) **BASED ON THE RECOMMENDATIONS OF THE**  
8 **COMPENSATION AND STAFFING COMMITTEE UNDER SUBSECTION (G) OF THIS**  
9 **SECTION, THE BOARD OF TRUSTEES SHALL APPROVE:**

10 1. **THE TYPE AND NUMBER OF POSITIONS IN THE**  
11 **INVESTMENT DIVISION;**

12 2. **THE QUALIFICATIONS FOR EACH POSITION IN THE**  
13 **INVESTMENT DIVISION, AS APPROVED UNDER ITEM 1 OF THIS SUBPARAGRAPH; AND**

14 3. **ANY COMPENSATION AND FINANCIAL INCENTIVES**  
15 **FOR THE CHIEF INVESTMENT OFFICER AND INVESTMENT DIVISION STAFF,**  
16 **INCLUDING SALARY INCREASES OR DECREASES RECOMMENDED FOR THE CHIEF**  
17 **INVESTMENT OFFICER AND EMPLOYEES OF THE INVESTMENT DIVISION.**

18 (2) (i) 1. The Board of Trustees shall adopt objective criteria for  
19 awarding financial incentives under subsection (a) of this section.

20 2. The Board shall consider the recommendations of the  
21 [Objective Criteria] **COMPENSATION AND STAFFING** Committee under subsection (g) of  
22 this section before adopting objective criteria for awarding financial incentives.

23 (ii) Financial incentives may only be awarded based on the objective  
24 criteria adopted in accordance with subparagraph (i) of this paragraph.

25 (iii) The criteria adopted under subparagraph (i) of this paragraph  
26 shall include:

27 1. limitations on the amount of financial incentives for a  
28 position in a fiscal year, not to exceed 33% of a position's compensation, exclusive of  
29 financial incentives; and

30 2. objective benchmarks of investment performance that  
31 shall be met or exceeded by an individual to be eligible for financial incentives, including  
32 benchmarks for the asset class in which investments are under the direction of the  
33 individual.

1 (iv) 1. Any financial incentives paid shall be paid over multiple  
2 fiscal years in equal installments.

3 2. The dates on which financial incentives awarded under  
4 this section shall be paid shall be set by the Board of Trustees at the time the financial  
5 incentives are determined.

6 3. The dates set under subparagraph 2 of this  
7 subparagraph may not be changed after being set.

8 (v) Except as provided in subparagraph (vi) of this paragraph, if an  
9 individual who has earned financial incentives separates from employment in the  
10 Investment Division, the Board of Trustees may not pay out any remaining financial  
11 incentives due to be paid after the date of separation from employment.

12 (vi) The Board of Trustees may pay any remaining earned financial  
13 incentives after the date of separation from employment if the individual retires directly  
14 from the Investment Division on or 30 days after the date of separation.

15 (vii) The Board of Trustees may not award financial incentives for  
16 positions that do not involve discretion over investment-related decisions.

17 (viii) 1. The Board of Trustees may not pay out financial  
18 incentives in a fiscal year in which State employees are subject to a furlough.

19 2. The Board of Trustees shall pay out any financial  
20 incentives not paid to an individual in accordance with subparagraph 1 of this  
21 subparagraph only:

22 A. after the furlough period has ended; and

23 B. if the individual is currently employed in the Investment  
24 Division.

25 (3) (i) On or before October 1 each year, the Board of Trustees shall  
26 submit to the Senate Budget and Taxation Committee, the House Appropriations  
27 Committee, and the Joint Committee on Pensions, in accordance with § 2-1257 of the State  
28 Government Article, a copy of the most recent criteria adopted under this subsection,  
29 **INCLUDING ANY CHANGES TO COMPENSATION AND INCENTIVES FOR THE CHIEF**  
30 **INVESTMENT OFFICER AND INVESTMENT DIVISION STAFF.**

31 (ii) In addition to the report required under subparagraph (i) of this  
32 paragraph, the Board of Trustees shall submit, within 30 days of adoption by the Board of  
33 Trustees, a copy of any changes adopted to the criteria established under this subsection to  
34 the Senate Budget and Taxation Committee, the House Appropriations Committee, and the  
35 Joint Committee on Pensions, in accordance with § 2-1257 of the State Government Article.

1 (4) On or before October 1, January 1, March 1, and July 1 each year, the  
2 Board of Trustees shall submit to the Senate Budget and Taxation Committee, the House  
3 Appropriations Committee, and the Joint Committee on Pensions, in accordance with §  
4 2–1257 of the State Government Article, a report on system investment returns for the  
5 preceding fiscal quarter, including:

6 (i) investment performance by asset class, including performance  
7 relative to asset class benchmarks; and

8 (ii) investment performance of assets under the direction of each  
9 Investment Division employee.

10 (g) (1) There is [an Objective Criteria] **A COMPENSATION AND STAFFING**  
11 **Committee of the Board of Trustees.**

12 (2) **(I)** The [Committee consists of the] following members **SHALL BE**  
13 **INCLUDED ON THE COMMITTEE:**

14 [(i) one member of the Senate of Maryland serving on the Joint  
15 Committee on Pensions, appointed by the President of the Senate;

16 (ii) one member of the House of Delegates serving on the Joint  
17 Committee on Pensions, appointed by the Speaker of the House;

18 (iii) the State Treasurer or the State Treasurer’s designee;

19 [(iv)] **1.** the Secretary of Budget and Management or the  
20 Secretary’s designee;

21 [(v)] **2.** one [member] **OR MORE MEMBERS** of the Board of  
22 Trustees under § 21–104(a)(4)(i), (ii), (iii), (iv), or (v) of this subtitle, appointed by the  
23 Chairman of the Board of Trustees; **AND**

24 [(vi)] **3.** one [member] **OR MORE MEMBERS** of the Board of  
25 Trustees under § 21–104(a)(4)(viii) of this subtitle, appointed by the Chairman of the Board  
26 of Trustees[]; and

27 (vii) a member of the public with financial industry experience,  
28 appointed jointly by the presiding officers of the General Assembly].

29 **(II) THE FOLLOWING MEMBERS MAY BE APPOINTED TO THE**  
30 **COMMITTEE BY THE CHAIRMAN OF THE BOARD OF TRUSTEES:**

31 **1. THE STATE TREASURER, OR THE STATE**  
32 **TREASURER’S DESIGNEE; AND**



1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
2 1, 2025.