

NON-CERTIFICATED EMPLOYEES RETIREMENT PLAN

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CLIFTON LARSON ALLEN'S ANNUAL AUDITOR'S REPORT

On November 13, 2013, at the Meramec campus, Mr. Kyle Rose, of CliftonLarsonAllen, LLP, gave the results of the annual audit he conducted on the fiscal year ending June 30, 2013. He started his presentation by indicating the financial statements for the audit were presented fairly, clean, and ended in conformity with accounting principles generally accepted in the United States.

Mr. Rose further stated that the net assets for the fund are \$66,614,294 and up 7.25 percent from last year. The Plan had a market gain of \$4.5M, contributions were just under \$1.8M for the year; benefits paid directly to participants were \$4.3M, and administrative expenses were

under \$2.5K, together totaled deductions at a little under \$4.5M, which is a net increase of assets almost \$4.5M compared to last year's June 30, 2012 report. Mr. Rose stated that the reason for the increase in assets is attributed to the growth of investment returns.

Mr. Rose referred to page 11 of the audit report and pointed out the total actuarial present value of accumulated plan benefits at a little over \$54M. There is \$66M in assets, leaving a \$12M cushion in assets. He was pleased to inform the committee that the Plan is well over-funded and yet, many retirement plans are under-funded.

ANNUAL VALUATION RESULTS PRESENTED BY TOWERS WATSON, AS OF JUNE 30, 2013

Mrs. Julie Hupperts, Towers Watson, Consulting Actuary, began her presentation at the quarterly committee meeting by informing the committee of the time frame the census data was taken: July 1, 2012-June 30, 2013. She further explained that she will share with the committee highlights of the previous year, the assumptions changes, the 2013 valuation results, some historical results and some closing remarks.

She briefly informed the committee of the 2012-13 highlights by pointing out the asset experience was the actual return of 11.3 percent on the market value of assets, and the cumulative asset return was about 40 percent over the past 3 years, versus an anticipated 25 percent per year based on the actuarial assumptions. The demographic experience resulted in lower liabilities, because the COLA valuation included a long-term assumption of 4.0 percent, but only 1.0 percent was actually provided for the January 1, 2014

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This newsletter is designed to summarize and explain basic changes in the Non-Certificated Employees Retirement Plan and provides updates on other related matters. Since it is only a summary, this newsletter does not cover the plan's provisions in detail. Therefore, if there is any conflict between this newsletter and the plan document itself, the plan document will always govern. An official copy of the plan is available for inspection in the Human Resources department at the Joseph P. Cosand Community College Center, 300 South Broadway, St. Louis, Mo. and in each campus' library during regular business hours.

BENEFICIARY ACCURACY

Make sure beneficiary information on file for NCERP retirement contributions is accurate. Failure to do so could result in retirement contributions being paid to the employee's estate versus having the contributions going to loved ones. If there are questions or concerns, contact **James Hayden**, plan coordinator, at ext. 5217.

NCERP MEETING SCHEDULE

The quarterly NCERP Committee meetings now are being rotated from various campus locations. The tentative schedule is as follows:

- February 12, 2014,
Forest Park, 9:15 a.m.
- May 14, 2014,
Harrison Center, 9:15 a.m.
- August 13, 2014,
Florissant Valley, 9:15 a.m.
- November 12, 2014,
Meramec, 9:15 a.m.

NCERP'S ACCOUNTING SYSTEM

The fiscal year budget report as of June 30, 2013, includes the following:

- Total budget for FY 2014: \$407,019.00.
- Total invoices paid through the end of quarter, \$75,492.94; encumbered Expenses, \$19,246.14.
- Balance of budget as of September, 30, 2013, after all bills paid: \$312,279.92.

NCERP anticipates completing the fiscal year 2013-14 under its proposed budget.

COLA increase. Pay increases included a long-term assumption of 4.75 percent previously in 2011-12, and for the 2012-13 time frame, pay increases were only 0.3 percent and there were no gains or losses from other demographic factors.

She continued to inform the committee of the assumptions changes focusing mostly on the aspect of the disability updates remaining the same after much research on current disability cases. The COLA assumptions were reduced from 4.0 percent to 3.25 percent, salary increase assumptions were decreased from 4.75 percent to 4.25 percent, anticipated expected return on assets were decreased from 7.75 percent to 7.25 percent and asset smoothing changed from 20 percent closure to market assets, to a five-year smoothing method. She provided the committee with the following snapshot of the 2013 valuation results:

	\$ (000)	
	7/1/2012	7/1/2013
Market Value of Assets	\$61,885	\$66,343
Market Rtn Previous Yr	2.40%	11.30%
Funded Ratio		
MVA / Accumulated	118%	122% (currently)
MVA / Projected	77%	81% (future)
Contributions		
Shortfall	\$668	\$500

Mrs. Hupperts concluded the annual actuarial valuation by carefully pointing out the following:

- The long-term financial health of the plan will improve if future assets increase at a rate greater than expected or future liabilities grow more slowly than expected (or decrease).
- This will occur only if future asset performance exceeds expectations, future contributions increase, future benefits decrease, or some combination of the factors occur.
- Recommends the NCERP committee continue to monitor the Plan's performance, including asset performance, and take appropriate action in the future if it becomes necessary.

EXPLANATION OF RETIREMENT DATE VERSUS TERMINATION DATE

It is important for every NCERP participant to understand the difference between termination date and retirement date. Your *termination date* is the last day actually worked. Administrative Procedure C.27.3 provides that all insurance coverage automatically terminates on the last day of the month in which an employee's full-time employment terminates. On the other hand, Section 2.21 of the Plan document provides that your *retirement date* is the first date of the month coincident with or next following your satisfaction of the requirements for retirement in accordance with the termination of employment.

Consequently, these cannot be the same date. An individual cannot simultaneously have both terminated and active employee status. It is not possible to be eligible to receive retirement benefits (first day of the month) and be present for work (termination date) at the same time. Any questions may be directed to Plan Coordinator, James Hayden, at 314-539-5217.

RETIREMENT INTERVIEW SCHEDULE

If employees would like an estimate of their retirement benefits, attend any of the campus visits made by **James Hayden**, plan coordinator, ext. 5217. Please call at least one week before the scheduled visit to ensure the retirement assessment is complete. Every participant is encouraged to contact Hayden at any time to obtain a retirement benefit assessment.

NCERP Coordinator's Proposed Schedule of Campus Visits

Date:	Location:	Time:
January 23, 2014	Cosand Center	2 p.m.
February 6, 2014	Forest Park	Noon
February 13, 2014	Florissant Valley	2 p.m.
February 20, 2014	Meramec	2 p.m.
March 6, 2014	Forest Park	Noon
March 13, 2014	Florissant Valley	2 p.m.
March 20, 2014	Meramec	2 p.m.
March 28, 2014	Cosand Center	2 p.m.
April 3, 2014	Forest Park	Noon
April 10, 2014	Florissant Valley	2 p.m.
April 17, 2014	Meramec	2 p.m.
May 1, 2014	Forest Park	Noon
May 8, 2014	Florissant Valley	2 p.m.
May 15, 2014	Meramec	2 p.m.
May 22, 2014	Cosand Center	2 p.m.
June 5, 2014	Forest Park	Noon
June 12, 2014	Florissant Valley	2 p.m.
June 19, 2014	Meramec	2 p.m.
July 10, 2014	Forest Park	Noon
July 17, 2014	Florissant Valley	2 p.m.
July 24, 2014	Meramec	2 p.m.
July 31, 2014	Cosand Center	2 p.m.
August 7, 2014	Forest Park	Noon
August 14, 2014	Florissant Valley	2 p.m.
August 24, 2014	Meramec	2 p.m.
September 4, 2014	Forest Park	Noon
September 11, 2014	Florissant Valley	2 p.m.
September 18, 2014	Meramec	2 p.m.
September 25, 2014	Cosand Center	2 p.m.

Locations are:

Florissant Valley, Training Center, TC-109;

Forest Park, VP Academic Affairs' Conference Room;

Meramec, BA-106;

Cosand Center, Room 208.

COLUMBIA MANAGEMENT'S INVESTMENT PRESENTATION AS OF SEPTEMBER 30, 2013.

Mr. James Wilkinson, Columbia Management, Senior Institutional Relationship Manager, began his quarterly, November 13, 2013, presentation expressing this quarter ending September 30, 2013 the plan gained a little over four per cent increase in market value. He reminded the NCERP committee that, "things are getting better." He further conveyed that the 2008-09 decline in market value is increasingly getting better, and reminded everyone that this is a slow recovery.

The Federal Reserve has been successful with the quantitative easing; but, tapering is still on the horizon. Tapering is when the Fed buys long-term U.S. Treasuries and Mortgage-back security to cut borrowing and pump cash into the system, but this has not started yet. Maybe the new Fed Chair, Janet Yellen, will begin the tapering process once she is in place beginning early in 2014. She is a known insider opposed to outside influence. We anticipate subtle changes, but not huge shifts.

Unemployment levels fell to 7.3 percent, mostly due to further decline in labor force participation. This figure is still too high to have any significant impact on the economy, as employers are not increasing salaries because of the abundance of personnel out of work. Our Gross Domestic Product for the quarter was 2.5 percent, due mostly to auto and housing related activity. Stock markets are posting record highs, with gradual increases in interest rates.

A brief record of performance over the years is as follows: with a one-year increase of 11.5 percent, the three-year growth is at 10.80 percent; five-year growth at 8.93 percent; 10-year growth at 7.68; and since inception the growth rate has been 9.22 percent. He then reminded the committee that this month the Plan earned a 4.05 per cent increase. Overall, the performance of the Plan over the years has been exceptional.

THE 2014 COST OF LIVING ALLOWANCE (COLA) FOR RETIREES

A one percent NCERP Cost of Living Allowance (COLA) increase for eligible retirees has been authenticated by the Plan's actuary, Towers Watson, and forwarded to State Street Bank for processing. All eligible NCERP retirees have received the 2014 one percent COLA increase.

REPORT ON NEW PARTICIPANTS/RETIREE/RETURN OF CONTRIBUTIONS

Mr. Hayden reported to the NCERP Committee that during the period of July 1, 2013 through September 30, 2013, two new participants were added to the Plan and eight separated from the College. For those who separated, their returned contributions and credited interest totaled \$42,758.55.

During the same period, nine Plan participants chose to retire. Six chose the Annuity Payments for Life Option and two chose the Lump Sum Payment totaling \$187,407.20. One retiree chose the 50 percent Annuity/50 percent Lump Sum method of payment.

UNOFFICIAL

10 of the Biggest Money Drains

Before you take another sip of that \$5 latte or buy a new shirt, you need to read this. The average personal savings rate for Americans is at the lowest level since 2001 – it fell to zero percent in June 2007. What's more, the U.S. savings rate is projected to fall below one percent at the end of this year, which will qualify as the lowest savings rate since the Great Depression, reports the U.S. Commerce Department.

Financial experts, such as Nancy Register of the Consumer Federation of America, attribute the average personal savings decline to an increase in impulse purchases.

"There is so much marketing pressure to spend and buy and have instant gratification," says Register in a Money Central report. "And if you can't buy it now, you put it on your credit card."

Which begs the question: What are American spending most of their money on that can contribute to such a low average personal savings rate?

According to Bankrate.com the 10 biggest money drains are the things that you can easily do without. Take a look:

1. **Coffee:** The average price of coffee is \$1.38, reports the National Coffee Association. So, buying a "cup of Joe" every morning for a year could add up to at least \$360 a year.
2. **Cigarettes:** The average price for a pack of cigarettes in the United States is \$4.54. A pack a day can cost you about \$1,660 a year.
3. **Alcohol:** The average cost of one beer is \$5, including tip. If you buy two beers a day, it can add up to \$3,650 a year.
4. **Bottled Water:** A liter of bottled water will cost you \$1.50. Buying one bottle of water a day will cost you around \$540.00 a year.
5. **Manicure:** If you get a \$20 weekly manicure, you could cost rob your savings of \$1,068 a year. Doing your own manicure will only cost you about \$5, the price of a bottle of nail polish.
6. **Car Washes:** the average cost for basic auto detailing is about \$58. If you have your car detailed every two months it will cost you \$358 a year.
7. **Buying Your Lunch Everyday:** Buying your daily lunch will cost about \$9, or about \$2,350 a year. In short, it pays to spend time to make your lunch.
8. **Vending Machine Snacks -** The average vending machine snack is about \$1. Buying a pack a day will cost you \$260 per year.
9. **Interest Charges on Credit Bills -** The median credit card debt for most Americans is \$6,600. Rate tables on bankrate.com indicate that fixed interest rates on a standard average is 13.44 percent. If you make the minimum payment each month it will take you 21 years – yes, that's years – to pay off the debt.
10. **Unused Membership:** A gym membership, that goes unused, is probably \$40 a month, which can add up to \$480 a year. Either use the membership or cut your losses.

If you're diligent and cut back on the extras, such as expensive coffee every day, you will be able to contribute more money to your savings account than you expected.

Individuals with speech or hearing impairments may call via Relay Missouri by dialing 711.

YOUR NCERP REPRESENTATIVES:

Board of Trustees Appointment
Calla White
6688 Chesapeake Drive, Apt. C
Florissant, MO 63033
Phone: 314-355-9112
Term expires: BOT's pleasure

Board of Trustees Appointment
Ruth Lewis - Vice Chair
10455 Litzsinger Road
St. Louis, MO 63131
Telephone: 314-567-7098
Term Expires: BOT's pleasure

Non-Unit Representative
Vicki Lucido
FV - VP Academic Affairs office
Telephone: 314-513-4214
e-mail: vlucido@stlcc.edu
Term expires: June 30, 2014

Unit Representative
Kevin White - Chair
FP - Media Services
Phone: 314-644-9213
E-mail: kwhite@stlcc.edu
Term expires: June 30, 2016

Physical Plant
Mike Wibbenmeyer
MC - Utilities/HVAC
Phone: 314-984-7749
E-mail: mwibbenmeyer@stlcc.edu
Term expires: Oct. 30, 2013

Any suggestions for improvements, questions, comments or other concerns about the retirement plan may be directed to any of the NCERP Committee representatives. Any proposed agenda items may be sent to **James Hayden** or the employee representative 10 days prior to the meeting date.

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NON-DISCRIMINATION STATEMENT
St. Louis Community College is committed to non-discrimination and equal opportunities in its admissions, educational programs, activities and employment regardless of race, color, creed, religion, sex, sexual orientation, national origin, ancestry, age, disability, genetic information or status as a disabled or Vietnam-era veteran and shall take action necessary to ensure non-discrimination.
For information or concerns relating to discrimination matters, contact the following: for matters relating to disabilities, contact Section 504/Title II Coordinator Donna Dare at 314-539-5285; for matters relating to sex discrimination, contact Title IX Coordinator Pam McIntyre at 314-984-7763.