

NCERP

NEWSLETTER

NON-CERTIFICATED EMPLOYEES RETIREMENT PLAN

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CLIFTON LARSON ALLEN’S ANNUAL AUDITORS REPORT

At the recent quarterly NCERP committee meeting, Mr. Kyle Rose, of CliftonLarsonAllen, LLP, gave the results from the audit conducted on the fiscal year ending June 30, 2014. Mr. Rose 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 informed the NCERP committee that the net assets for the fund were \$79,557,082, with plan liabilities of \$4,040,545, making the net value of the plan \$75,516,537, which is a 15.4 percent increase from last year. After review all the notes to the audit, including the GASB requirements at note 2, the plan is currently 108 percent funded as of today, and Mr. Rose was happy to express that this is a good position for this retirement plan. Mr. Rose then asked if there were any questions concerning the audit.

ANNUAL ACTUAL VALUATION RESULTS PRESENTED BY TOWER’S WATSON AS OF JUNE 30, 2014.

During the quarterly NCERP committee on Nov. 12, 2014, Mrs. Julie Hupperts, Towers Watson Associate, began the Plan’s annual actuarial valuation result as of June 30, 2014 by highlighting the following:

- Plan’s Asset experience
 - o Actual asset return was 16.8 percent on the market value of assets
 - o Expected return of 7.25 percent based on actuarial assumptions were surpassed
- Demographic experience resulted in lower liabilities
 - o COLA
 - Valuation included a long-term assumption of 3.25 percent per year
 - 2014 COLA was set at 1.0 percent
 - 2015 COLA was set at 1.0 percent also
 - o Pay Increases
 - Valuation included long-term assumption of 4.25 percent
 - 2013/14 pay increases for continuing actives were just under 3 percent
 - o No significant gains or losses from other demographic factors
- Funded ratios
 - o Accumulated Benefit increased from 122 percent funded to 133 percent funded
 - o Total (past + future) benefits increased from 81 percent funded to 91 percent funded (100 percent would be over estimation)
- Expected contribution vs. normal cost
 - o Expected college contributions for 2014/2015 remain less than normal cost (“actuarially required contribution”)
 - Contribution shortfall has existed ever since 2009/2010
 - Normal cost is 5.11 percent of pay vs. contribution rate of 4.00 percent
 - 2014/2015 estimated shortfall is about \$227,000

(Cont’d on page 2)



GASB 68 Liability Results indicate that total pension liability is declining as evidenced by the total pension liability values as of July 1, 2013, which was \$73.3M and as of July 1, 2014, were decreased to \$69.8M. The primary driver of this decreased change is the discount rate which increased from 6.44 percent to 7.25 percent, which increased the Plan Fiduciary Net Position from 66.3 to 75.2; the Net pension liability decreased from \$7.0M to (\$5.4M). GASB 67 Expense Results is a new measure we are reviewing with focus on Service Cost, which is the cost of benefit payment for the year, which is \$1.7M. Interest cost is \$5.0M; Projected Return on MVA is \$5.3M; GASB 67 Expense Results is \$1.4M.

Mrs. Hupperts then covered the Historical Results of NCERP Assets and Liabilities and concluded the market value of assets are getting closer to the accumulated benefits in 2014 and as we can see is far greater than the previous five years. The review of the Historical Results of Plan Surplus/ (Deficit) compared the Actuarial Value Basis and the Market Value Basis over the last five years; now the Market Value basis is in positive territory. In her estimation, the Plan is in great shape actuarially.

COLUMBIA MANAGEMENT'S INVESTMENT PRESENTATION AS OF SEPT. 30, 2014

Mr. James Wilkinson, Columbia Management, Senior Institutional Relationship Manager, began his presentation expressing the quarter ending Sept. 30, 2014 by stating that the 60/40 investment strategy between equities and fixed income has provided a conservative approach and has maintained the plan successfully throughout the years.

He starts out indicating the markets have been interesting this quarter: unemployment rate is being reported at 5.8 percent, almost a percentage point difference since the beginning of the year. Third quarter GDP is at 2.5 percent and the growth seems to be increasing for a number of reasons, all mostly leading to the assumption that the economy is improving. However, reasons for current instability in the market include: the current conflict with ISIS; the growing Ebola threat; outcome of the mid-term elections; and the sharp drop in oil prices.

However, the U.S. economy is slowly improving, European market seems to have flat lined, the Chinese economy is also slower than usual, Feds are easing on quantitative easing efforts, and Japan has also ramped up their quantitative easing efforts. The Feds are regulating interest rates at 0 percent, anticipating a rate increase sometime during the middle of 2015, understanding there will be an increase in interest rates if the economy continues to grow. Gas prices are under 80 dollars per barrel and this freed up disposable income spending for this past holiday season.

At the end of the quarter Sept. 30, 2014, the Plan was down from the previous quarter's ending value of \$74,968,543. The current quarter's ending value was \$74,256,504, ending the quarter on a down note of .33 percent, not an entire percentage point, but down, nonetheless. A diverse portfolio between the fixed income and the equities has minimized the Plan's losses.

The Plan's year-to-date performance has been 5.71 percent, one year at 11.49 percent, three years at 14.24 percent, five years at 10.84 percent, and ten years at 7.70 percent, slightly above the plan's actuarial expectation of 7.25 percent.

RETIREES' COST OF LIVING ALLOWANCE

On Nov.12, 2014, Mr. White, NCERP committee chair, wanted to express to the committee that in the Sept. 25, 2014 meeting, the committee reached a consensus on providing a one percent COLA increase to all eligible retirees, later approved by the Board of Trustees on Oct.17, 2014. All Plan retirees have received their one percent increase that began Jan.1, 2015.

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.

REPORT ON NEW PARTICIPANTS/ RETIREE/RETURN OF CONTRIBUTIONS/DECEASED RETIREES

During the period of July 1, 2014 through Sept. 30, 2014, there were six new participants added to the Plan and 11 separated from the College, taking their contributions and interest. For those who separated from the college, their returned contributions and credited interest totaled \$112,649.81.

Also, during the same period, three Plan participants chose to retire. One chose the Annuity Payments for Life Option and two chose the Lump Sum Payment totaling \$206,113.70. One participant chose the 50 percent Annuity/50 percent Lump Sum method of payment.

Sadly, there were two retirees from the Forest Park campus who expired during this period who were receiving a monthly benefit pension: Mrs. Martha E. Travis and Mrs. Carylon Williams.

NCERP'S ACCOUNTING SYSTEM

The fiscal year budget report as of Sept. 30, 2014, includes the following:

- Total budget for FY 2014-15 \$411,483.00.
- Total invoices paid through the end of quarter, \$77,222.89; encumbered expenses, \$19,429.75.
- Balance of budget as of Sept. 30, 2014, after all bills paid: \$314,830.36

NCERP anticipates completing the fiscal year 2014-15 under its proposed budget.

NCERP MEETING SCHEDULE

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

- May 13, 2015, Forest Park, 9:15 a.m.
- August 12, 2015, Florissant Valley, 9:15 a.m.
- November 11, 2015, Meramec, 9:15 a.m.

NCERP COORDINATOR'S PROPOSED SCHEDULE OF CAMPUS VISITS

Date:	Location:	Time:
January 22, 2015	Meramec	2 p.m.
February 5, 2015	Forest Park	Noon
February 12, 2015	Florissant Valley	2 p.m.
February 19, 2015	Meramec	2 p.m.
February 26, 2015	Cosand Center	5 p.m.
March 5, 2015	Forest Park	Noon
March 12, 2015	Florissant Valley	2 p.m.
March 19, 2015	Meramec	2 p.m.
April 2, 2015	Forest Park	Noon
April 9, 2015	Florissant Valley	2 p.m.
April 16, 2015	Meramec	2 p.m.
April 23, 2015	Cosand Center	2 p.m.
May 7, 2015	Forest Park	Noon
May 14, 2015	Florissant Valley	2 p.m.
May 21, 2015	Meramec	2 p.m.
June 4, 2015	Forest Park	Noon
June 11, 2015	Florissant Valley	2 p.m.
June 18, 2015	Meramec	2 p.m.
July 2, 2015	Forest Park	Noon
July 9, 2015	Florissant Valley	2 p.m.
July 16, 2015	Meramec	2 p.m.
July 23, 2015	Cosand Center	2 p.m.

Locations are:

Florissant Valley, Training Center, TC-109;
Forest Park, SC-117;
Meramec, BA-106;
Cosand Center, Room 208.

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**.

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.

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 (or more depending on the coffee vendor), 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. That's money that could be contributed to your retirement fund or savings account.
- 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:** Drink prices vary based on your watering hole of choice. However, the average cost of one beer is \$5, including tip. Bankrate reports that if you buy two beers a day, it can add up to \$3,650 a year. It only gets more expensive if you buy a round of drinks for your friends.
- 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. This purchase will cost you and the environment in the long run.
- 5) **Manicure:** Nothing is more relaxing than a languorous manicure. But, these type of "treats" are not economically feasible if you have them done frequently. For example, 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. Not bad, if it's done sporadically. But, if you have your car detailed every two months it will cost you \$358 a year.
- 7) **Buying Your Lunch Everyday:** It's hard to get out of the door with all your belongings, and a sack lunch. But, if you have to buy your lunch every day, you could be doing serious damage to your savings. For instance, 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 at 13.44 percent interest. If you make the minimum payment each month it will take you 21 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.

YOUR NCERP REPRESENTATIVES:

Unit Representative

Kevin White - Chair

FP – Media Services

Phone: 314-644-9213

E-mail: kwhite@stlcc.edu

Term expires: June 30, 2016

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

Keisha Robinson

Office of Institutional Development

Phone: 314-539-5756

E-mail: krobinson229@stlcc.edu

Term expires: June 30, 2017

Physical Plant

Mike Wibbenmeyer

MC – Utilities/HVAC

Phone: 314-984-7749

E-mail: mwibbenmeyer@stlcc.edu

Term expires: Oct. 30, 2016

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. Sexual harassment, including sexual violence, is also prohibited. For information or concerns related to discrimination or sexual harassment, contact William Woodward, Associate Vice Chancellor Student Affairs, 314-539-5374.