

NON-CERTIFICATED EMPLOYEES RETIREMENT PLAN

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

INVESTMENT REPORT

CliftonLarsonAllen's Annual Auditor's Report

At the recent quarterly NCERP committee meeting, Mr. Kyle Rose, of CliftonLarsonAllen, LLP, gave the results from the annual audit conducted for the fiscal year ending June 30, 2015. 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.

Kyle further informed the NCERP committee that the net assets for the fund were \$79,124,611, with plan liabilities of \$4,081,664, making the net value of the plan \$75,042,947, which is a 0.993 percent decrease from the previous year. He indicated the decrease was mostly attributed to the decrease in investments performance. After review all the notes to the audit, including the GASB requirements, the plan is currently well funded and Kyle was happy to express the NCERP retirement plan has had minimal losses this year, and is in a good position.

Kyle then drew the committee's attention to the Plan's Investments that represent 5 percent or more of the Plan net assets as of June 30, 2015 as follows:

Columbia Management Large Cap Enhancing Core	\$31,238,906
Acorn International Fund	\$ 7,454,845
Columbia Management Small Cap Index Z	\$ 7,484,865
State Street Global Advisor Money Market Fund	\$ 4,484,833

The required supplementary information that fulfills the requirements of the GASB 67 and 68 requirements depicting the variance between 2014 and the 2015 data was then covered by Kyle. He informed the NCERP committee that as time goes on we will have to include a maximum of ten (10) years of data supporting the GASB 67 and 68 requirements; however information prior to 2014 is not available, thus concluding his annual auditing report.

Annual Valuation Results, presented by Towers Watson, as of June 30, 2015

Mrs. Julie Hupperts, Towers Watson Consultant, began the review of the Plan's annual actuarial valuation results as of July 1, 2015 by speaking to the report's 2014/2015 highlights:

Asset experience

- Actual asset return was 3.7 per cent on the market value of assets
- Cumulative asset return was about 36 per cent over the past 3 years, versus expected cumulative return of about 23 per cent based on actuarial assumptions

Demographic experience resulted in lower liabilities

- COLA
 - Valuation included a long-term assumption of 3.25 per cent per year

- 2015 COLA was 1.0 per cent
- 2016 CPI is 0.1 per cent, result in no COLA increase 2015
- Pay Increases
 - 2014/2015 pay increases for continuing actives were 1.6 percent, lower than the plan's 4.25 per cent assumption
- Participants working longer than actuarial assumption
- More retiree deaths than assumed

Funded ratios

- Accumulated Benefit Funded Percentage decreased from 134 per cent funded to 131 per cent funded
- Total (past + future) benefits increased from 91 per cent funded to 92 per cent funded

Long-Term Surplus/Deficit

Expected contributions vs. normal cost

- First year of contributions surplus since 2008/2009
- Normal cost is 3.03 of pay vs. contribution rate of 4.00 per cent
- 2014/2015 shortfall about \$200,000
- 2015/2016 surplus is expected to be about \$190,000

Historical Results – NCERP Assets and Liabilities

- We have come a long way since 2009
- Just a small difference between 2014 – 2015: liabilities are less but assets are also a little less

Historical Results – Plan Surplus/(Deficit)

- Surplus exists based on the actuarial value of assets for the first time in many years
- Surplus based on the market value of assets has decreased slightly to \$3.2 million from \$3.5 million last year
- Surplus decreased slightly from 4.2 per cent of Actuarial Present Value Future

Benefits (APVFB) to 4.0 per cent of APVFB based on market value of assets

In her estimation, the Plan is in great shape from an actuarial stand point.

Columbia Management’s Investment Presentation as of Sept. 30, 2015

Mr. James Wilkinson, Columbia Management, Senior Institutional Relationship Manager, began his quarterly presentation to the NCERP Committee expressing the quarter ending September 30, 2015, has been a fairly bumpy ride.

The quarter started with the devaluation of the Chinese yuan in August 2015, their decision to devalue the dollar was a drag on the markets across the world. So much so the Federal Reserve in September 2015 was considering raising interest rates, but because of China’s action reducing the value of the dollar, they decided not to. Things were expected to stabilize in October 2015.

The S&P was down almost 7 percent in September 2015 at the end of the quarter. Equities had their largest fall since the third quarter of 2011 when Greece instability occurred. However; inflation is under 2 per cent and is expected to stay there for a while. The Federal Reserve continues to be in the spotlight and trying to determine when and if interest rates are going to be raised. October 2015 job numbers reports revealed that almost 270K jobs were added, unemployment rate is at 5 per cent and last year at this time the unemployment rate was at 6 per cent. The Federal Reserve will probably raise interest rates in December, 2015. What will happen in the future as far as how frequently and how much rates will be raised and what criteria the Fed will use is undetermined? In all likelihood interest rates are expected to creep up very slowly. This change will enhance the equities markets and the price of bonds has significantly decreased at the hint of interest rates increasing.

NCERP Coordinator’s Proposed Schedule of Campus Visits

If employees would like an estimate of their retirement benefits, they should attend any of the campus visits made by James Hayden, plan coordinator, 314-539-5217.

Please call at least one week before the scheduled visit to ensure the retirement assessment is complete.

DATE	LOCATION	TIME
February 4, 2016	Forest Park	Noon
February 11, 2016	Florissant Valley	2 p.m.
February 18, 2016	Meramec	2 p.m.
February 25, 2016	Cosand Center	2 p.m.
March 3, 2016	Forest Park	Noon
March 10, 2016	Florissant Valley	2 p.m.
March 17, 2016	Meramec	2 p.m.
April 7, 2016	Forest Park	Noon
April 14, 2016	Florissant Valley	2 p.m.
April 21, 2016	Meramec	2 p.m.
April 28, 2016	Cosand Center	2 p.m.
May 5, 2016	Forest Park	Noon
May 12, 2016	Florissant Valley	2 p.m.
May 19, 2016	Meramec	2 p.m.
June 2, 2016	Forest Park	Noon
June 9, 2016	Florissant Valley	2 p.m.
June 16, 2016	Meramec	2 p.m.
June 23, 2016	Cosand Center	2 p.m.
July 7, 2016	Forest Park	Noon
July 14, 2016	Florissant Valley	2 p.m.
July 21, 2016	Meramec	2 p.m.
August 4, 2016	Forest Park	Noon
August 11, 2016	Florissant Valley	2 p.m.
August 18, 2016	Meramec	2 p.m.
August 25, 2016	Cosand Center	2 p.m.
September 8, 2016	Forest Park	Noon
September 15, 2016	Florissant Valley	2 p.m.
September 22, 2016	Meramec	2 p.m.

LOCATIONS:

- **Meramec**, BA-106
- **Florissant Valley**, Training Center, TC-109
- **Forest Park**, VP Academic Affairs’ Conference Room
- **Cosand Center**, Room 208

*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.*

The Plan started the quarter out at a little over \$75M, the net withdrawals were \$1.3M, income earned was about \$450K, the change in market value is at a deficit (3.5M), ending market value is a little under \$71M which is a loss of approximately \$4.5M for the quarter, a 1.3 per cent loss, which is less than the Plan's stock benchmarks performed. The asset allocation remains the same, fixed income (39 per cent) small cap (10 per cent) large cap (39 per cent), and international funds (10 per cent), and cash (2 per cent) has not changed.

Wilkinson also shared with the NCERP committee that due to poor performance of the ACORN International Fund he is seeking other options. After reviewing some alternatives he has brought two options to the committee's attention; Columbia International Opportunities Fund – Z, and the Columbia International Value Fund – Z. With the NCERP committee concurrence, Wilkinson will pursue making the change from the ACORN International Fund to a 50/50 split between the Columbia International Opportunities Fund – Z and the Columbia International Value Fund – Z.

The 2015 Cost of Living Allowance (COLA) for Retirees

There wasn't a COLA increase for 2016 due to the CPU-I index being only a .10 per cent increase over the past year. Therefore the NCERP committee has determined that no increase for the NCERP retirees this year, consistent with decisions made by Social Security Administration and military retirees.

Report on New Participants/Retiree/Return of Contributions/Deceased Retirees

During the period of July 1, 2015 through Sept. 30, 2015, there were only two (2) new participants added to the Plan and five (5) participants separated from the College. For those who separated from the college, their returned contributions and credited interest totaled \$23,144.31.

Also, during the same period, five (5) Plan participants chose to retire. None chose the Annuity Payments for Life Option and four (4) chose the Lump Sum Payment option totaling \$415,396.09. There were also two (2) Plan participants who chose the 50 per cent Annuity/50 per cent Lump Sum method of payment.

Sadly, there were one (1) retirees who expired during this period who was receiving a monthly benefit pension; Mrs. Reva Freund, who worked at the Corporate Center on Wilson.

NCERP's Accounting System

The fiscal year budget report as of Sept. 30, 2015, includes the following:

- Total budget for FY 2015-16 \$419,774.00.
- Total invoices paid through the end of quarter: \$76,508.90 and encumbered expenses totaled: \$19,429.75.
- Balance of budget as of Sept. 30, 2015, after all bills paid: \$323,835.35

NCERP anticipates completing the fiscal year 2015-16 under its proposed budget.

Beneficiary Accuracy

Please make sure your current 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 314-539-5127.

NCERP MEETING SCHEDULE

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

February 10, 2015

Cosand Center, 9:15 a.m.

May 11, 2016

Forest Park, 9:15 a.m.

August 10, 2016

Florissant Valley, 9:15 a.m.

November 9, 2016

Meramec, 9:15 a.m.

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
Phone: 314-567-7098
Term Expires: BOT's pleasure

Non-Unit Representative

Keisha Robinson

CC – Institutional Development
Phone: 314-539-5756
E-mail: krobinson229@stlcc.edu
Term expires: June 30, 2017

Unit Representative

Kevin White

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

Physical Plant Representative

Mike Wibbenmeyer - Chair

MC-Utilities/HVAC
Phone: 314-984-7749
E-mail: mwibbenmeyer@stlcc.edu
Term expires: Oct. 30, 2017

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NEWSLETTER

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