

# NCERP

June 9, 2016

N E W S L E T T E R

Volume 67

## NON-CERTIFICATED EMPLOYEES RETIREMENT PLAN

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

## Columbia Management's Investment Presentation as of March 31, 2016

Mr. James Wilkinson, Columbia Management, Senior Institutional Relationship Manager, began his quarterly presentation by indicating this past quarter has been anything less than a "wild ride." The market volatility was the main stay ending the quarter with losses. Markets seemed to bottom out as gas prices hit their lowest prices at \$20 per barrel in February, 2016 and is now trading at about \$26.00. Equities did manage to eke out a positive return for the quarter overall. Global equities were down 11 per cent, but at the end of the quarter, they rallied back ending the quarter at 13 per cent. The U. S. equities performed about the same; down 11 per cent and then up 13 per cent. Volatility this quarter was experienced worldwide.

Wilkinson shared with the NCERP committee that there are two ways to control the economy; monetary and physical. The Federal Reserve is regulating the monetary aspects by rate increases and the physical is being controlled by congressional and executive measures. With this being a Presidential election year no changes in physical policy are anticipated. Growth of the U.S. economy is certainly less than robust. That being said, larger stocks did outperform the small ones this quarter.

The Plan's asset allocation are as follows: Fixed Income: 38 per cent, Small Cap Index: 9 per cent, Large Cap Enhanced: 39 per cent, International Value: 5 per cent, International Opportunity: 5 per cent and Cash: 4 per cent.

NCERP grew by 1.3 per cent as we started the quarter at \$72,437,926, our Net Contributions/ Withdrawals (\$1,726,890), Income Earned \$345,216, Change in Market Value \$509,539, ending market value as of March 31, 2016 is \$71,565,791.

The custom bench mark this quarter was at 2 per cent, we earned 1.3 per cent, the one year gain for the Plan was a loss of -0.22, three year gain is 7.34 per cent, 5 year gain is 7.39 per cent, 10 year gain is 6.18 per cent, and 9.04 per cent since the Plan's inception. Over the long haul the Plan has surpassed the actuarial assumption of 7.25 per cent.

The Federal Reserve Chair, Janet Yellen is anticipated to hike interest rates 2 times in the near future, maybe in June 2016 and again early in 2017. Predictions are the Gross Domestic Product (GDP) growth is being forecasted to remain at around 2.0 per cent growth in 2016.

## Report from Actuary

At the recent NCERP quarterly committee meeting Mr. Don Schisler, Willis Towers Watson, Senior Consultant, reported to the committee that they will be providing the interest rate for employee contributions, also lump sum rates will be reviewed and are expected to remain the same. He promised these documents will be forwarded in the near future and they will also be requesting the data for completion of the annual actuarial report sometimes at the end of July 2016.

## Report on New Participants/Retirees/ Return Of Contributions/Deceased Retirees

During the period of January 1 – March 30, 2016, eleven (11) Plan participants chose to retire. One (1) chose the Annuity Payments for Life option and six (6) chose the Lump Sum Payment option totaling almost \$10K. Four (4) participants chose the 50 per cent Annuity/50 per cent Lump Sum method of payment.

Also, there were two retirees who expired during this period who was receiving monthly benefit payments; Mr. Lawrence Kourik, who worked at the Meramec campus, passed December 27, 2015, and Mr. Arnold Klammert who worked at Forest Park, and he passed March 4, 2016, both monthly benefit payments were suspended upon notification.

Mr. Hayden reported that during the period; there were twelve (12) new participants added to the Plan and three (3) separated from the College. Of those who separated, their returned contributions and credited interest totaled a little under \$39K.

This information was provided by Mr. Hayden, Plan Coordinator, at the NCERP quarterly committee meeting on May 11, 2016.

## Vice Chancellor of Finance and Administration Updates/Informs Committee

Mr. Paul Zinck, the Vice Chancellor of Finance and Administration, informed the NCERP committee that CliftonLarsonAllen, LLC will no longer be the college auditors. He indicated that a Request for Proposal (RFPs) committee, including Mr. Hayden has selected the new auditing firm; KPM CPAs and Advisors for a new (5) five year contract, approved by the Board of Trustees in their May 26, 2016 meeting.

Mr. Zinck also expressed to the NCERP committee that it is a good idea to entertain the Request for Proposal process for the Plan’s actuarial services, investment and the trust agency services. He feels the fiduciary responsibility rests with the NCERP committee, and to not do so when public funds are involved is not a good idea. The NCERP committee concurred and at the next committee meeting Mr. Zinck will provide samples of RFPs for the NCERP committee to review

## NCERP’s Accounting System

### NCERP’s Operational Budget – Ending June March 31, 2016

The original budget for the 2015-2016 fiscal year was established at \$419,774.00 and as of, March 31, 2016, with the deduction of all approved expenditures of \$262,164.24, including the encumbered charges of \$19,429.75, the remaining balance for the upcoming quarter is \$138,180.01.

## NCERP Coordinator’s Proposed Schedule of Campus Visits

DATE	LOCATION	TIME
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.
October 6, 2016	Forest Park	Noon
October 13, 2016	Florissant Valley	2 p.m.
October 20, 2016	Meramec	2 p.m.
October 27, 2016	Cosand Center	2 p.m.
November 3, 2016	Forest Park	Noon
November 10, 2016	Florissant Valley	2 p.m.
November 17, 2016	Meramec	2 p.m.
December 1, 2016	Forest Park	Noon
December 8, 2016	Florissant Valley	2 p.m.
December 15, 2016	Meramec	2 p.m.
January 5, 2017	Forest Park	Noon
January 12, 2017	Florissant Valley	2 p.m.
January 19, 2017	Meramec	2 p.m.
January 26, 2017	Cosand	2 p.m.
February 2, 2017	Forest Park	Noon
February 9, 2017	Florissant Valley	2 p.m.
February 16, 2017	Meramec	2 p.m.
March 2, 2017	Forest Park	Noon
March 9, 2017	Florissant Valley	2 p.m.
March 16, 2017	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.*

## Plan Coordinator and BOT Committee Member Travel to Midsized Retirement Conference

Mr. Hayden, Plan Coordinator, announced to the NCERP committee he would be traveling to Chicago to attend the Midsized Retirement & Healthcare Plan Management Conference. He explained that this conference will provide current guidelines to be considered when initiating the Request for Proposed (RFP) services. The committee thought it would be a great idea and if any others on the committee members would like to attend. Mrs. Calla White, Board of Trustee appointed committee member, expressed an interest in attending the conference. This is another step taken in preparation for the RFP process. Supporting the efforts in seeking better services and improving costs of the Plan's services.

## Beneficiary Accuracy

Please ensure your 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 directly to loved ones. If there are questions or concerns, contact James Hayden, plan coordinator, at ext. 5217.

## Unofficial

### When Do I Start Social Security Benefits

Timing makes a significant difference in the amount of benefits retirees are eligible to collect. The telemarketing call that took you away from the stove caused you to burn dinner. The few minutes it took to find your keys this morning turned your quick commute into a glacial journey behind a convoy of buses destined to stop on each corner.

*Timing matters in life.*

### Starting Early

Full retirement age, or FRA, is 67 for anyone born in 1960 or later, but you can start retirement benefits as early as age 62 if you're OK with a smaller check — as much as 30% smaller, depending on how far out you are to start collecting.

So, is starting early the right move? It depends.

On one hand, starting as early as possible could mean receiving up to five years of benefits before FRA. According to Social Security\*, the average retirement benefit is \$1,285 per month. Assume an annual 2% cost-of-living adjustment, and the early starter could pocket as much as \$80,000 by not waiting (five years of benefits). But, their total lifetime benefit could actually end up being less.

Plan with Social Security Calculator from their web-site

If they wait until FRA instead, it will typically take eight to 10 years of receiving the larger monthly payments to break even. After that break-even point, the scales tip in favor of waiting.

## NCERP MEETING SCHEDULE

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

**August 10, 2016**

Meramec, 9:15 a.m.

**November 9, 2016**

Florissant Valley, 9:15 a.m.

**February 8, 2017**

Cosand Center, 9:15 a.m.

**May 10, 2017**

Forest Park, 9:15 a.m.

## YOUR NCERP REPRESENTATIVES:

*Physical Plant Representative*

**Mike Wibbenmeyer - Chair**

MC-Utilities/HVAC

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Term expires: Oct. 30, 2016

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**Ruth Lewis**

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*Non-Unit Representative*

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**Kevin White**

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Term expires: June 30, 2016

## Unofficial (Continued)

Still, various situations may call for taking benefits early:

- You stop working before you hit FRA and need income, but can't go back to work.
- You're a single person in poor health and see the break-even years as hard to overcome.
- Your primary goal is to preserve assets for kids or grandkids; Social Security benefits could protect transferable assets.
- You're concerned about the financial viability of the Social Security program.

### Worth the Wait

Like fine wine, Social Security payments get better with time. By delaying, you'll be rewarded with as much as an additional 8% increase per year up to age 70. That's a big deal.

For example, the Social Security Benefit Calculator shows that a worker retiring in 2016 at 62 with \$60,000 in earnings would receive \$1,155 per month. Waiting until 66 pushes the benefit to an inflation adjusted \$1,794 per month, and waiting until age 70 increases it to \$2,840. That means if the worker lives to 90, he or she will get an additional \$150,000 in lifetime benefits by waiting until FRA, or about \$340,000 by delaying until 70.

If longevity is in the cards, delaying benefits likely makes sense.

### Other Factors

Additionally, if a worker elects to begin benefits before FRA and continues to work, Social Security imposes an earning limitation that causes the worker to temporarily forfeit \$1 of benefits for every \$2 earned over \$15,720 (in 2016). Work after FRA does not negatively affect benefits.

### Strategies for Couples

If you're married, Social Security opportunities and considerations expand. To maximize your benefits, you'll likely want to spend some time planning your approach.

*USAA Newsletter*



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