

NCERP

September 20, 2016

N E W S L E T T E R

Volume 68

NON-CERTIFICATED EMPLOYEES RETIREMENT PLAN

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Unofficial

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

Annual State Street Bank and Trust Company's Financial Report

At the NCERP quarterly committee meeting August 10, the annual State Street Bank and Trust report was provided by Tommie Jaynes. Although Jaynes was unable to attend, he presented the annual report via teleconference.

He quickly drew our attention to the current market value of the NCERP retirement fund that has decreased -4.4% percent during the reporting period of July 1, 2015, through June 30, 2016. The market value of the plan on June 30, 2016 was \$75,137,404.84, and the market value as of June 30, 2016, totaled \$71,831,137.53, a (3,306,267.31) deficit. He also reported expenses for the year were lower and they totaled \$370,158.94, a decrease from last year expenses totaling \$375,158.94.

The plan's portfolio is basically the same, with only small changes across the asset fund classes of Cash & Cash Equivalents (8.13%), Equities (56.2%), Fixed Income (35.49%) and Interest Receivables (0.16%). The earnings decreased, as well and the unrealized gain increased also, largely due to current market losses.

Investors' Report at End of Quarter June 30, 2016

Jim Wilkinson, Senior Portfolio Manager, Columbia Threadneedle, began his quarterly presentation by reminding the committee of the event that occurred on June 24, 2016, when we all were surprised when Great Britain voted to exit the European Union (EU). This decision drove losses of about \$3T from markets around the world during two trading sessions and it took two more trading sessions to recoup. This was considered a short term disruption to the markets by many analysts, however; others speculate these actions will have lasting impact. Great Britain will have to invoke their article 50 rights to begin the process of exiting the EU, then the actual exit will take about two years to complete. Since Great Britain currency is not co-mingled with the Euro, separation of the pound should be less than challenging.

Since Great Britain's BREXIT vote they have in place a new prime minister, Theresa May, appointed by the Queen, a leader of the Conservative Party all indications are she will be supporting the people's vote to exit the EU. BREXIT changes took place at the end of the quarter, but other events around the world occurred stunting the

Investors' Report at End of Quarter June 30, 2016 (Continued)

growth of world markets; next there were the attempted coup-d'état in Turkey, and then the terrorist attack in Nice France, creating more universal market volatility.

The S & P was up at about 2.46 per cent for the quarter, 3.84 per cent for the year to date, small stocks did not perform as well, and they were flat for June and did better for the quarter, but lagged year to date figures. At this point we don't see interest rates increasing. The economy tends to muddle along at the 2 per cent growth rate, productivity seems very slow, there has not been lot of spending on enhancements on products, stagnating growth as we seem to increase only at a snail's pace.

The performance of the Plan for the quarter, as we began the quarter (April 1, 2016), our value was \$71,565,791 and at the end of the quarter (June 30, 2016) contributions paid out were (\$792,285), income earned \$643,155, and change in market value was \$408,076. The ending market value as of June 30, 2016 \$71,824,738. A slight increase, just slightly over \$250K.

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

This quarter's reporting period (April 1, 2016, through June 30, 2016), found that ten (10) new participants were added to the plan while seven (7) participants were terminated. Those terminated participants, who have requested return of their contributions and interest, totaled \$65,157.47.

There were sixteen plan participants who chose to retire. Six (6) elected to receive the Annuity Payments for Life Option and six chose the Lump Sum Payment Option, totaling \$1,287,250.47 and there were four (4) participants who choose the 50% lump sum/50 percent annuity option.

Also, there were four retirees who passed during the quarter; Mrs. Ester Kues, Joint Survivor of Mr. Orville Kues, who previously worked at the Florissant Valley campus. Mrs. Kathleen Kelley, who worked at the Florissant Valley campus, expired June 16, 2016. Mr. Richard Clerkey, who worked at Meramec campus, expired June 16, 2016. Mrs. Doris P. Lenger, who also worked at the Meramec campus and passed on June 17, 2016.

Annual Election of NCERP Chair and Vice Chair

Calla White has been elected chair of the NCERP Committee for the upcoming year and Keisha Robinson has been elected vice chair. These elections were conducted on Aug. 12.

Recommendation for Retiree' Cost-of-Living (COLA) Increase COLA Increase – January 1, 2017

A retiree COLA increases letter, dated August 23, 2016, from plan's actuary Willis Towers Watson, was received on August 24, 2016. The COLA letter indicates the U.S. Department of Labor Consumer Index (CPI) calculated for the previous year the CPI change from June 2015-June 2016 increased by one (1) percent.

No decision has been made to increase the COLA for NCERP retirees.

NCERP's Accounting System

The fiscal year budget report as of June 30, 2016, includes the following:

- Total budget for FY15 -- \$419,774
- Total invoices paid through the end of quarter -- \$357,801.75
- Balance of budget as of June 30, 2015, after all bills paid -- \$61,972.25

The Plan has completed the 2015 -2016 fiscal year under their projected budget.

NCERP Coordinator's Proposed Schedule of Campus Visits

| DATE | LOCATION | TIME |
|-------------------|-------------------|--------|
| 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. |
| February 2, 2017 | Forest Park | Noon |
| February 9, 2017 | Florissant Valley | 2 p.m. |
| February 16, 2017 | Meramec | 2 p.m. |
| February 23, 2017 | Cosand Center | 5 p.m. |
| March 2, 2017 | Forest Park | Noon |
| March 9, 2017 | Florissant Valley | 2 p.m. |
| March 16, 2017 | Meramec | 2 p.m. |
| April 6, 2017 | Forest Park | Noon |
| April 13, 2017 | Florissant Valley | 2 p.m. |
| April 20, 2017 | Meramec | 2 p.m. |
| April 27, 2017 | Cosand Center | 2 p.m. |
| May 5, 2017 | Forest Park | Noon |
| May 12, 2017 | Florissant Valley | 2 p.m. |
| May 19, 2017 | Meramec | 2 p.m. |
| June 2, 2017 | Forest Park | Noon |
| June 9, 2017 | Florissant Valley | 2 p.m. |
| June 16, 2017 | Meramec | 2 p.m. |
| June 23, 2017 | Cosand Center | 2 p.m. |

LOCATIONS:

- Meramec, BA-106
- Florissant Valley, Training Center, TC-109
- Forest Park, SC-117
- 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

NCERP IS A DEFINED BENEFIT PLAN

Recent stock market volatility has many of us thinking about the safety of our retirement savings. Good news is you needn’t worry about your future NCERP retirement benefit. Your retirement benefit is safe, largely because NCERP is a Defined Benefit (DB) Plan. In a DB Plan, your benefit at retirement is not at risk, even when investment returns are down.

A Formula for a Lifetime

Your benefit amount is determined by a preset formula. The formula takes into account your years of service credit at retirement, and your final average monthly salary.

You and your employer, St. Louis Community College, make contributions to the retirement plan, paid directly to the plan’s trust agency, State Street Corporation, Specialized Trust Service. These funds are invested by professionals, Columbia Threadneedle, and are used to pay retirement and survivor benefits to NCERP retirees.

Your account balance (the contributions you have paid and the interest earned) has no impact on your benefit amount. The monthly benefit amount is guaranteed for your lifetime, so you cannot outlive your retirement benefits

How a Defined Contribution Plan Differs

Consider this in contrast to the Defined Contribution (DC) Plans, which are offered by many employers in the form of 457, 401(k), 403(b) accounts. In this type of plan, retirement benefits are determined by the amount in your personal retirement account at the time of retirement. Typically, both you and your employer contribute to the personal account while you are working, but you have responsibility for determining how the funds will be invested. Lack of investment expertise, along with volatile markets, can lead to situations where you may outlive your retirement funds or have to delay your retirement for a few more years while rebuilding your assets.

NCERP MEETING SCHEDULE

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

November 9, 2016
Florissant Valley, 9:15 a.m.

February 15, 2017
Cosand Center, 9:15 a.m.

May 10, 2017
Forest Park, 9:15 a.m.

August 9, 2017
Meramec, 9:15 a.m.

YOUR NCERP REPRESENTATIVES:

Physical Plant Representative

Mike Wibbenmeyer - Chair
MC-Utilities/HVAC
Phone: 314-984-7749
E-mail: mwibbenmeyer@stlcc.edu
Term expires: Oct. 30, 2016

Board of Trustees Appointee

Ruth Lewis
10455 Litzsinger Road
St. Louis, MO 63131
Phone: 314-567-7098
Term Expires: BOT’s pleasure

Board of Trustees Appointee

Calla White
6688 Chesapeake Drive, Apt. C
Florissant, MO 63033
Phone: 314-539-5274
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

Unofficial (continued)

NCERP membership has these benefits:

- Predictable, guaranteed benefits for life
- Disability survivor and death benefits
- Early retirement, lump and partial lump sum options or all participants
- Professionally invested so you don't have to try to do it yourself

If you have any questions concerning your NCERP retirement please contact James Hayden at extension 5217.

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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