

# NCERP

February 9, 2017

N E W S L E T T E R

Volume 69

## NON-CERTIFICATED EMPLOYEES RETIREMENT PLAN

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

## KPM CPA & Advisors' Annual Auditor's Report

At the (NCERP) committee meeting on November 9, 2017, Mr. Irick Thurman, KPM, CPAs & Advisors (KPM), Springfield, Missouri, introduced himself and conveyed this is the first year KPM is auditing the Plan. Expressed his many thanks to Mr. Hayden for assisting he and his firm KPM obtaining what they needed to complete the audit.

Briefly, Thurman illustrated how the audit works; at the end of the Plan year Mr. Hayden obtains end of year statement from the trust agency (State Street Retirement Services), Hayden then collects end of year data and ensures the actuarial report is completed by the Plan's actuary (Willis Towers Watson). Once the finalized actuarial report is received from the actuary, Hayden then provides the finalized actuary report to C-BIZ, another KPM agency, who then prepares the annual financial statements.

Prior to the audit's beginning Mr. Thurman points out he spent numerous hours understanding the various policies of the plan and then prepares trial balances, test key balances, contributions testing, checks the payroll system, test distributions and investment transactions. Once the financial statements from C-BIZ are obtained and provided to KPM, he then reconciles them with KPM's statements with emphasis on any irregularities. Then KPM issues an opinion with recommendations if or when necessary. However; he wished to convey that this audit ended with clean report with no irregularities, as there were no findings as a result of comparing all the data received.

Thurman emphasized to the committee that the audit entailed only samplings of all the data reviewed. He focused on the portion of the audit report that revealed the net assets for the fund at the beginning of the year were \$75,042,947, with plan liabilities of (\$3,422,610), making the net value of the plan \$71,721,623. Thurman then covered the actuarial assumptions and indicated they are predetermined and are utilized by the actuaries to prepare their annual actuarial report.

He identified the GASB 68 requirement on page 22 of the audit report voiced that this data is being provided, however the limited material provided for 2014, 2015, and 2016 is because that is all the data the is available at this time. GASB 68 requires 10 years of data is provided in the audit report but there were only 3 years available that was all he was able to provide.

He then thanked Mr. Hayden for his dedication is assisting with the audit and Mr. Hayden praised Mr. Thurman for his professionalism and pointed out that Mr. Thurman was easy to work with on the first audit being completed by KPM.

## Annual Actuarial Review from Willis Towers Watson

Mr. Don Schisler, Management Consultant, Willis Towers Watson, provided the actuarial report for Mrs. Julie Hupperts who was unable to attend. Mr. Schisler began the Plan's annual actuarial valuation result as of July 1, 2016 by speaking to the report's 2015/2016 highlights:

- Asset experience
  - Actual asset return was 1.4 per cent on the market value of assets
  - Cumulative asset return was about 22 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 4.25 per cent per year
    - 2016 COLA was 0.0 per cent
    - 2017 CPI is 1.0 per cent, result in COLA increase 2017
  - Pay Increases
    - Valuation resulted in lower than the 4.25 assumptions
    - 2015/2016 pay increases for continuing actives were estimated at 2.6 per cent
  - Participants working longer than actuarial assumption
  - Several deferred vested were refunded contributions
- Funded ratios
  - Accumulated Benefit Funded Percentage decreased from 131 per cent funded to 125 per cent funded
  - Total (past + future) benefits increased from 92 per cent funded to 89 per cent funded (100% would be an over estimation)
- Expected contribution vs. normal cost
  - Expected college contributions for 2015/2016 remain less than normal cost ("actuarially required contribution")
    - Contribution shortfall has existed ever since 2009/2010
    - 2014/2015 shortfall was about (\$189,000.00)
    - 2015/2016 shortfall is (\$390,000.00)
- Funded ratio decreased modestly
- Surplus/Deficit
  - Surplus decreased significantly \$3.2M (4.0% per cent of APVFB) to \$0.2M (\$0.2 % of APVFB) based on market value of assets
- Expected contributions vs. normal cost
  - Expected college contributions for 2016/2017 greater than the normal cost
    - Second consecutive year of contribution surplus
    - 2016/2017 normal cost is 1.90% of pay vs. contribution rate of 4.00%
- 2017 COLA
  - Based on growth in CPI for the 12 months ended June 2016
    - Index increased by 1.0 over this period
    - Since increase less than 4.0 per cent, the board will have to vote on potential COLA
    - Committee voted to recommend 1 per cent increase to board at the November 17, 2016 meeting
  - Recent increases
    - 2012; 3.6% increase; CPI 3.6%
    - 2013; 1.7% increase; CPI 1.7%
    - 2014; 1.0% increase; CPI 2.2%
    - 2015; 1.0% increase; CPI 2.2%
    - 2016; 0.0% increase; CPI 0.1%

In his estimation the NCERP retirement Plan is in a great position from an actuarial standpoint.

## NCERP Coordinator's Proposed Schedule of Campus Visits

DATE	LOCATION	TIME
February 16, 2017	Meramec	2 p.m.
February 23, 2017	Cosand Center	2 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 22, 2017	Cosand Center	2 p.m.
May 4, 2017	Forest Park	Noon
May 11, 2017	Florissant Valley	2 p.m.
May 18, 2017	Meramec	2 p.m.
June 1, 2017	Forest Park	Noon
June 8, 2017	Florissant Valley	2 p.m.
June 15, 2017	Meramec	2 p.m.
June 22, 2017	Cosand Center	2 p.m.
July 6, 2017	Forest Park	Noon
July 13, 2017	Florissant Valley	2 p.m.
July 20, 2017	Meramec	2 p.m.
August 3, 2017	Forest Park	Noon
August 10, 2017	Florissant Valley	2 p.m.
August 17, 2017	Meramec	2 p.m.
August 24, 2017	Cosand Center	2 p.m.
September 7, 2017	Forest Park	Noon
September 14, 2017	Florissant Valley	2 p.m.
September 21, 2017	Meramec	2 p.m.

### LOCATIONS:

- Meramec, BA-106
- Florissant Valley, Training Center, TC-109
- Forest Park, VP Academic Affairs' Conf. Rm
- 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.*

## Columbia Management's Investment Presentation as of Sept. 30, 2016

Mr. James Wilkinson, Columbia Management, Senior Institutional Relationship Manager, began his presentation expressing the quarter ending September 30, 2016 by stating that this quarter has been a fairly bumpy ride. As an example last night's presidential election was not much different; markets began to rise as the DOW was up 600 point anticipating Senator Clinton would be the next President of the United States, however, as the polls turned towards president-elect Trump's favor the market began to trend downward. The DOW was reported to be down over 900 points and then the market worked its way back by the closing of the election polls and as of this morning the DOW was only down by 20 points. During this quarter the market started out with Brexit providing market volatility and has since then rebounded back to positive territory.

The Brexit was a component in last quarter's market volatility, but the market rallied back and gained positive ground. Infrastructure rebuilding is predicted to take place in the near future so construction companies are expected to benefit from the new president-elect's agenda. However; there are many things that will be needed to be ironed out with the new administration. Volatility is expected to continue in the near future, but sustained growth are expected to stabilize once the new administration is in full affect.

The Gross Domestic Product (GDP) growth rate is still in the 2 per cent range, preliminary 3rd quarter GDP growth predictors are at 1.5 per cent. Inflation seems to be increasing at 1.8 per cent level. The October 2016 jobs report added 165,000 new jobs to the economy with the unemployment rate is presently at 4.9 per cent. The general expectation is the Federal Reserve will tighten interest rates another .25 basis points. In the beginning interest rates were .0 percent for a long period, then to .25 per cent for a while, and we are anticipating another .25 per cent sometimes next year.

The Plan started the quarter out at \$71,824,738 the net withdrawals were (\$2,783,064) income earned was at \$337,788 and the change in market value was \$2,024,320, a gain of 3.36 per cent, ending market value was at \$71,403,782. The Plan's payouts were more than the gains for the quarter, and this explains why we almost broke even for the quarter.

The asset allocation remains basically the same, fixed income (36 per cent) small cap (11 per cent) large cap (39 per cent), and the CMPF Select International Equity Fund (5%) and the CMPF Overseas Value Fund (5%) and cash (4 per cent) has not changed. This portfolio allocation worked in the past and has been the primary reason for the Plan's stability. Over the long haul the Plan has done well. Year to date gains are at 6.23 per cent, 1 year gains 9.74 per cent, 3 year gains at 7.19 per cent, 5 year gains at 10.48, 10 year gains 6.43 per cent, and since Plan inception 9.05 per cent.

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

This quarter's reporting period (July 1, 2016, through September 30, 2016), 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 \$14,646.75.

Also, during the same period, eight (8) Plan participants chose to retire. Three (3) participants chose the Annuity Payments for Life Option and four (4) chose the Lump Sum Payment option totaling \$918,601.02. There was also one (1) Plan participants who chose the 50 per cent Annuity/50 per cent Lump Sum method of payment.

### NCERP MEETING SCHEDULE

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

#### 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.

#### November 8, 2017

Florissant Valley, 9:15 a.m.

### YOUR NCERP REPRESENTATIVES:

*Physical Plant Representative*

#### **Mark Foxx**

MC-Utilities/HVAC

Phone: 314-984-7749

E-mail: mfoxx@stlcc.edu

Term expires: Oct. 30, 2019

*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, Chair**

6688 Chesapeake Drive, Apt. C

Florissant, MO 63033

Phone: 314-539-5274

Term expires: BOT's pleasure

*Non-Unit Representative*

#### **Keisha Robinson, Vice Chair**

FP-Provost Office

Phone: 314-644-9045

E-mail: krobinson229@stlcc.edu

Term expires: June 30, 2017

*Unit Representative*

#### **Kevin White**

MC-Information Technology (IT)

Phone: 314-644-9213

E-mail: kwhite@stlcc.edu

Term expires: June 30, 2016

There was one (1) retiree who passed during the quarter; Mrs. June Gill, who previously worked at the Meramec Campus.

### The 2016 Cost of Living Allowance (COLA) For Retirees

At the Board of Trustee Meeting on November 17, 2016, the board approved a 1 per cent increase for all eligible retirees based on the NCERP committee's recommendation. All eligible retirees have received their increase as of January 1, 2017

## NCERP's Accounting System

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

- Total budget for FY 2016-17 \$428,530.00
- Total invoices paid through the end of quarter -- \$49,784.50 and encumbered expenses totaled: \$19,586.00.
- Balance of budget as of Sept. 30, 2016, after all bills paid -- \$359,159.50

NCERP anticipates completing the fiscal year 2016-17 under its proposed budget.

## Retirement Interview

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. Every participant is encouraged to contact Hayden at any time to obtain a retirement benefit assessment.

## 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.

## Unofficial

### 5 Ways to Improve Your Financial Health

It's that time of year again – the time when we shift our focus on getting healthy and dropping those unwanted pounds. In addition to keeping your body in good physical shape, you should also take some time to gauge the health of your personal finances. No matter your current financial situation, below are some tried and true practices to help improve your financial health.

**Create an emergency fund.** One thing that's certain in life – unexpected events happen. Cars break down, health issues arise, and job losses occur. A rule of thumb is to have at least six months of income set aside for emergencies. Start taking a little out of your paycheck each month until you reach your six month cushion. You may even want to open a designated savings account so you won't be tempted to spend extra cash.

**Pay down credit card debt.** Credit cards create bad debt, which can be harmful to your financial health. Pay it down by tackling the one with the highest interest rate until you've paid each one off. Be sure to pay more than the minimum payment so you can make a dent in the principal. If you have high interest rates, consider doing a balance transfer, which will move your debt to a lower rate and bundle everything into one monthly payment. Remember to check on any associated fees first.

**Save for the future.** Are you saving enough for retirement? As a helpful exercise, use an online calculator to determine how much you should be saving in order to meet your retirement goal, and make it a priority to start setting aside that amount. Don't forget to save for other future expenses, such as your children's college fund. Talk to a financial planner if you need help getting started.

**Evaluate your mortgage payment.** If you had your current mortgage for a while, you may want to do a loan review to see if you could save money. Whether it's increasing your monthly payment, making extra payments, or refinancing to a new loan program, there are options to help you save money and pay off your home loan sooner. Contact me to discuss your best options, and if you're renting, let's examine if purchasing a home would be a smart financial move for you.

**Live within your means.** As you grow in your career and start to earn more money, be careful not to let your spending increase along with it. Instead, focus on building wealth by finding a lifestyle that is comfortable and affordable. For instance – would your money be better spent on a luxury car or in an investment fund? Live within your means, and put your extra money toward things that will last, like investments, experiences, and your family's future.

Achieving the financial health your desire may take a little time, but you can get there one step at a time by implementing the above principles.

*Golden Oak Lending*

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**NCERP**  
NEWSLETTER