

NCERP

June 27, 2017

N E W S L E T T E R

Volume 71

NON-CERTIFICATED EMPLOYEES RETIREMENT PLAN

TABLE OF CONTENTS

1

Columbia Threadneedle
Investment Presentation

2

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

Voluntarily Separation Incentive
Program (VSIP)

NCERP's Accounting System

Retirement Interview Schedule

Beneficiary Accuracy

3

Unofficial

4

Unofficial (*cont'd*)

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

Columbia Management's Investment Presentation as of March 31, 2017

First quarter has been typical over the last several years as James Wilkinson, Columbia Management's senior institutional relationship manager, indicated that for the past several years, the gross domestic product has risen. This year was no different, as the economy grew seven-tenths of a percentage point. Speculators anticipated a lower growth rate, but growth was higher than their expectations, which usually is reserved for the second, third and fourth quarters. Feds have already raised interest rates by .25 percent point in mid-March. It is expected to raise rates three-to-four times this upcoming year between .75 and 1 point. Presently, slow growth is the common trend, with the Gross Domestic Product (GDP) somewhere around 2 percent.

The unemployment numbers are down to 4.4 percent. History has indicated that 5 percent is what is considered normal from a conservative perspective. But, the upside to the unemployment numbers is that we may have more jobs available with less skilled laborers to fill the available positions, and that is the downside. The upside is that the fewer skilled laborers to approach, the more advantage the skilled labor force has, driving up salary cost. Other indexes indicate the same result; unemployment is on a downward trend.

International diplomacy issues with North Korea, Syria, etc., could be a drain on the economy or could bolster the economy. Global growth is favorable; French elections turned out a moderate leader that could influence France on staying in the European Union, and that is positive for financial stability. Global growth and a better global economy will assist in our markets' continued success.

The GDP growth rate for the economy is somewhere around 2 percent and is anticipated to continue at that pace. Interest rates, infrastructure policy implementation could have a positive impact on our economy. Employment opportunities and material acquisitions would also provide an upward trend.

Portfolio review for this quarter show plan assets were \$71,677,285 at the beginning of the quarter, net withdrawals were (\$304,851), income earned was \$344,803, change in market value was \$2,218,245, making the ending market value as of March 31, 2017, at \$73,935,882. Portfolio diversification is still between the asset classes of fixed income, international, large cap, and small cap index and cash. This type of allocation is significant to the plan's asset growth. Long-term growth for the quarter was 3.59 per cent, for the year 10.46 per cent, 3 year; 6.47 per cent, 5 year; 8.21 per cent, 10 year was 6.18 per cent, since inception 9.06 per cent. We have successfully out performed our designated benchmarks.

Report from Actuary

Mrs. Hupperts, consulting actuary with Willis Towers Watson, reported she had a couple of items to share with the NCERP committee but wanted to start with notifying the committee that she would be collecting data for the annual actuarial report. The second item of concern was that every five years or so they generally meet with the committee to determine if the actuarial assumptions are in alignment with the current work scenarios. She will provide a scope of service for that work to be accomplished and provide to the NCERP Committee soon.

Julie also wanted to ensure the NCERP Committee could count on her furnishing any necessary support during the Voluntary Separation Incentive Program (VSIP).

She also took this opportunity to introduce the committee to her coworker; Donald Schisler III. He will be working with her on the upcoming annual actuarial review, and highlighted that Schisler was the son of the plan's previous actuary; Donald Schisler II.

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

During the period of Jan. 1-March 31, 2017; there were two plan participants who chose to retire. One chose the Annuity Payments for Life option and the other chose the Lump Sum Payment option, totaling \$77,799.51. No one chose the 50 percent Annuity/50 percent Lump Sum method of payment.

There were also three retirees who passed away during this period who was receiving a monthly benefit pension. Ruby Jackson, spouse of Lurenza Jackson, who worked at the Florissant Valley campus, passed away Jan. 28. Margaret F. Houlihan, who worked at Forest Park, passed away Feb.17. Leslie I. Fox, who worked at Forest Park, passed away March 27.

James Hayden, plan coordinator, reported that during the period there were 15 new participants added to the plan, and seven separated from the college. Of those who separated, their returned contributions and interest totaled \$72,402.48.

This information was provided by Hayden at the recent NCERP quarterly committee meeting on May 10.

Vice Chancellor For Finance And Administration Updates /Informs Committee Of Concerns

Paul Zinck, vice chancellor for Administration and Finance, expressed his concern for completing RFPs for the plan vendors. Zinck also serves as interim associate vice chancellor for Human Resources and ex-officio NCERP Committee member. Zinck explained the vital importance of benchmarking from the Board of Trustee's treasurer's perspective. In accordance with state policy, this committee needs to ensure there are no violations. Zinck then informed the committee that he is strongly encouraging the NCERP Committee to develop an RFP for all of the plan's services and is anticipating some progress made toward that goal soon. In all likelihood the NCERP Committee will conduct an RFP for investment services next quarter.

NCERP's Accounting System

NCERP's Operational Budget – Ending March 31, 2017

- Total budget for FY 2016-17 -- \$428,530.00
- Total invoices paid at through the end of quarter -- \$265,507.10
- Balance of budget as of March 31, 2017, after all bills paid -- \$143,436.90

NCERP Approves the New Fiscal Year Budget for 2017-2018

The NCERP Committee approved a new operating budget of \$452,238. The budget was increased by 0.024 per cent to include a CPI index increase.

NCERP Coordinator's Proposed Schedule of Campus Visits

DATE	LOCATION	TIME
2017		
July 6	Forest Park	Noon
July 13	Florissant Valley	2 p.m.
July 20	Meramec	2 p.m.
August 3	Forest Park	Noon
August 10	Florissant Valley	2 p.m.
August 17	Meramec	2 p.m.
August 24	Cosand Center	2 p.m.
September 7	Forest Park	Noon
September 14	Florissant Valley	2 p.m.
September 21	Meramec	2 p.m.
October 5	Forest Park	Noon
October 12	Florissant Valley	2 p.m.
October 19	Meramec	2 p.m.
October 26	Cosand Center	2 p.m.
November 2	Forest Park	Noon
November 9	Florissant Valley	2 p.m.
November 16	Meramec	2 p.m.
December 7	Forest Park	Noon
December 14	Florissant Valley	2 p.m.
December 21	Meramec	2 p.m.
2018		
January 4	Forest Park	Noon
January 11	Florissant Valley	2 p.m.
January 18	Meramec	2 p.m.
January 25	Cosand Center	2 p.m.
February 1	Forest Park	Noon
February 8	Florissant Valley	2 p.m.
February 15	Meramec	2 p.m.
March 1	Forest Park	Noon
March 8	Florissant Valley	2 p.m.
March 15	Meramec	2 p.m.
March 22	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 NCERP Committee Chair Travel to the Midsized Retirement Conference

James Hayden, plan coordinator, and Calla White, the current chair for the NCERP Committee, attended the Midsized Retirement & Healthcare Plan Management Conference June 11-14 in Chicago, Ill. The conference provided current fiduciary ruling by the Department of Labor, Request for Information (RFIs) and Request for Proposals (RFPs) were discussed in great detail. This is another step taken in preparation for the committee's next step in the RFI/RFP process. Further supporting the efforts in seeking better services and improving costs of the plan's services.

Retirement Interview Schedule

NCERP participants who would like an estimate of their retirement benefits are encouraged to attend any of the campus visits made by James Hayden. Call him at ext. 5217 at least one week before the scheduled visit to ensure the retirement assessment is complete. Every eligible participant is encouraged to contact Hayden at any time to obtain a retirement benefit assessment.

Beneficiary Accuracy

Make sure 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 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.

Starting Early

Full retirement age (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 percent smaller, depending on how far out you are to start collecting.

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 percent 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 Its Website

If you 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.

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

NCERP MEETING SCHEDULE

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

August 9, 2017

Meramec Campus, 9:15 a.m.

November 8, 2017

Florissant Valley, 9:15 a.m.

February 14, 2018

Cosand Center, 9:15 a.m.

May 9, 2018

Forest Park Campus, 9:15 a.m.

YOUR NCERP REPRESENTATIVES:

Physical Plant Representative

Mark Foxx

MC-Utilities/HVAC

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Term expires: Oct. 30, 2019

Non-Unit Representative

Keisha Robinson

FP-Provost Office

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Term expires: June 30, 2020

Unit Representative

Kevin White, Chair

MC -- Media Services

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Term expires: June 30, 2019

Board of Trustees Appointee

Ruth Lewis

10455 Litzsinger Road

St. Louis, MO 63131

Phone: 314-567-7098

Term Expires: Determined by BOT

Board of Trustees Appointee

Calla White, Chair

6688 Chesapeake Drive, Apt. C

Florissant, MO 63033

Phone: 314-355-9112

Term expires: Determined by BOT

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 percent 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 2017 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

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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NCERP
NEWSLETTER