April, 2021 update from the Retirement Benefits Committee (RBC)

The Retirement Benefits Committee (RBC) is established to assist and advise the Vice President for Finance and Administration (VPFA) in fulfilling oversight responsibilities with respect to the retirement benefit plans of Saint Mary's College of California and to help assure that the plans are being managed in the best interests of the plan participants and of the College. These plans include the Defined Contribution Retirement Plan, the Tax Deferred Annuity Plan, the Emeriti Retiree Health Plan, the Emeriti Grantor Trust and the recently established 457B plan.

As of December 31, 2020, there are $246.3 million retirement assets held and managed by TIAA. The balance and one and three year return net of fees for each plan is as follows:

		1 year	3 year
Defined Contribution Retirement Plan	$133.8 million	14.12%	8.94%
Tax Deferred Annuity Plan	$123.9 million	13.42%	8.60%
Emeriti Retiree Health Plan	$ 14.4 million	11.95%	7.45%
Emeriti Grantor Trust	$ .6 million	9.70%	6.29%
457(b) Plan	$ .3 million	15.51%	9.91%

These returns were significantly impacted by the volatile market during the calendar from the COVIID-19 pandemic. It is important to note that the market ended with a very strong 4th quarter- in some cases, the strongest quarter since 1999.

The plan investment gross expense ratios were also reviewed and compared to the peer average gross expense ratios.

Defined Contribution Retirement Plan	.38% compared to	.93%
Tax Deferred Annuity Plan	.36% compared to	.93%
Emeriti Retiree Health Plan	.76% compared to	.77%
Emeriti Grantor Trust	.70% compared to	.65%
457(b) Plan	.55% compared to	.93%

The RBC has been monitoring the Lifecycle funds that are in all of the plans, but are the primary investments in the EMERITI and Grantor trust plans, and upon the advice of Heffernan Retirement Services, recommended that the College change the share class of the lifecycle investments to a more efficient share class. The expectation is that the fees will be reduced and more in line, or less than the peers- as is the case with the other plans. (This change was implemented on April 6, 2021)

The RBC also recently reviewed the annual Plan Outcome Assessment of the 403(b) plan assets as of 12/31/20. This report consisted of all active participants with assets in the Defined Contribution Retirement Plan and Tax Deferred Annuity Plan, and assessed the participants' readiness for retirement using a retirement age of 67 with full social security benefits, their EMERITI assets (if any), and their current salary, as underlying assumptions.

The report calculates an average retirement income replacement ratio for the plan. This year that ratio was 84.8%, which is up from last year's ratio of 78.2%. This increase is primarily a result of the positive market results for the invested assets, as well as the increased level of participation in the TDA plan from the auto enroll feature implemented for all employees on 7/1/2019.

The report indicates that 91% of the participants are on track to cover their essential expenses in retirement; of this amount 41% have also met their target retirement income needs. The remaining 9% appear to be below the retirement income replacement ratio, but this could be due to age and/or tenure at the College. For instance someone who is over the age of 50, but has been here less than 5 years would appear to be behind the goal, but that is not taking into consideration other retirement assets that they may have accumulated in their professional life before coming to the College.

Each participant in the plan can access their individual retirement income replacement ratio by reviewing their account with TIAA on the website. This analysis will also allow the participant to include all non-SMC retirement assets that they may have with TIAA, as well as adding the information on assets held outside of TIAA. It is highly recommended that participants take advantage of this tool on the TIAA website so that they can get a sense of their own retirement readiness and what changes they might be able to make to improve their retirement readiness.