March, 2019 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 and the Emeriti Grantor Trust.

As of December 31, 2018, there are $216.3 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	$107.6 million	(3.4%)	5.39%
Tax Deferred Annuity Plan	$ 97.3 million	(3.06%)	5.30%
Emeriti Retiree Health Plan	$ 10.9 million	(5.21%)	4.79%
Emeriti Grantor Trust	$ .5 million	(3.33%)	3.05%

These returns were significantly impacted by the volatile market during the fourth quarter of 2018, which was down approximately 7%. It is important to note that the market has regained much of those losses in the first two months of 2019.

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

Defined Contribution Retirement Plan	.34% compared to	.87%
Tax Deferred Annuity Plan	.32% compared to	.85%
Emeriti Retiree Health Plan	.73% compared to	.89%
Emeriti Grantor Trust	.68% compared to	.79%

The RBC recently reviewed a Plan Outcome Assessment of the 403(b) plan assets as of 12/31/18. This review 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, and their current salary, as underlying assumptions. This year, the assessment increased the time one would spend in retirement (life expectancy), modified the projection on equity performance given the recent volatility in the market, and reduced the projection of social security benefits for those retiring after 2034 by 21%.

The report calculates an average retirement income replacement ratio for the plan. This year that ratio was 77.6%, which is down from last year's ratio of 91.9%. This decrease is primarily a result of the change in assumptions mentioned above, as well as the increased level of participation in the TDA plan from the auto enroll feature implemented 7/1/18 for new hires (the plan grew from 569 participants to 701).

The report indicates that 75% of the participants are on track to cover their essential expenses in retirement; of this amount 26% have also met their target retirement income needs. The remaining 25% appear to be below the retirement income replacement ratio, but this could be due to age and 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.

The Human Resources Office has been given the supporting data for this assessment and plans to reach out and encourage investment advising and financial planning sessions with the TIAA representatives as well as those from Heffernan Retirement Services.

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.

As a result of the continued review of the Plan Outcome Assessment report, the committee has discussed the ways in which we can engage our -employees to participate more fully in their retirement planning. The most recent implementation of the auto enroll for new hires at July 1, 2018 appears to have been successful in encouraging employees to save for their retirement.