May, 2020 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, 2019, 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	$122.1 million	18.45%	9.35%
Tax Deferred Annuity Plan	$ 110.7million	17.62%	8.84%
Emeriti Retiree Health Plan	$ 12.7 million	17.30%	8.42%
Emeriti Grantor Trust	$ .7 million	13.35%	6.63%
457(b) Plan	$ .1 million	23.80%	11.43%

These returns were again significantly impacted by the volatile market during the calendar year of 2019, which was up approximately 20%. It is important to note that the market has lost approximately 8-10% in the first four months of 2020 due to the unprecedented volatility due to the COVID-19 pandemic.

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

Defined Contribution Retirement Plan	.35% compared to	.87%
Tax Deferred Annuity Plan	.33% compared to	.86%
Emeriti Retiree Health Plan	.74% compared to	.84%
Emeriti Grantor Trust	.67% compared to	.73%
457(b) Plan	.55% compared to	.93%

The RBC recently reviewed a Plan Outcome Assessment of the 403(b) plan assets as of 12/31/19. 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.

The report calculates an average retirement income replacement ratio for the plan. This year that ratio was 78.2%, which is up from last year's ratio of 77.6%. 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 7/1/18 for new hires and for all employees on 7/1/2019.

The report indicates that 75% of the participants are on track to cover their essential expenses in retirement; of this amount 29% 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/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.

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.