Is Longevity Insurance Too Risky?

This research is a result of an MU News Bureau press release: http://munews.missouri.edu/news-releases/2016/0907-seniors-less-likely-to-buy-longevity-insurance-despite-value-study-finds/

The chance of a guaranteed lifetime income in old age seems like something risk-averse people would jump at.

Yet many of them are shunning a product—a type of annuity known as longevity insurance—designed to provide just that.

The problem, a recent study found, may stem from the need to make a large single payment to buy the insurance when people don’t know how long they are going to live. Such insurance typically starts paying a fixed monthly sum to beneficiaries when they reach age 80 or 85. But the payments stop when the policyholder dies.

“The theory would suggest that people who are more risk-averse should be more likely to purchase longevity insurance, as it provides protection against a decline in future spending,” says the study by Michael Guillemette of the University of Missouri,Terrance Martin of the University of Texas Rio Grande Valley, Benjamin Cummings of St. Joseph’s University in Philadelphia and Russell James of Texas Tech University. But those same people “may perceive longevity insurance as risky, since it involves an upfront cost for an uncertain future payout,” the study found.

Interest-rate angle

Published last year in The Geneva Papers, an insurance-industry journal, the study used a sample of data from more than 5,000 people of various ages and risk tolerances collected in 2014. Those “somewhat likely” or “very likely” to buy longevity insurance totaled 33.3% of the study group, with 34.1% stating it would be “unlikely.” The remainder, 32.6%, were “somewhat unlikely.”

When that data was combined with risk-aversion information, age, gender, and relative wealth, another finding emerged: It wasn’t only those who claimed to want more certainty in their finances that shunned the idea of the insurance. “Where people had greater risk aversion and higher home equity they were less likely to buy longevity insurance,” says Dr. Guillemette.

He acknowledges that the value of equity in real estate provides something of a cushion, or safety reserve, against other financial assets being totally depleted before death.
Still, for the risk-averse population, the conclusion was surprising. “You’d think if they prefer greater certainty then they’d be more likely to buy this product,” he says.

Dr. Guillemette, who says he has no links to the longevity-insurance industry, says that in addition to the high upfront cost of the insurance, many financial advisers simply aren’t recommending it. The cost of buying an annuity moves inversely with the cost of borrowing money, and many advisers think that rates will rise soon, which would make the annuities cheaper.

Dr. Guillemette, however, says the risk that interest rates may actually fall further is underappreciated. Such a move would make the already pricey products even more expensive.

Incremental payments

Sales of deferred annuities totaled $2.7 billion in 2015, little changed from 2014, says Limra, a financial-services industry trade group. Less than 10% of that was longevity insurance, Limra estimates.

If insurers want to sell more longevity insurance, they may want to consider breaking up the premium into smaller incremental payments, so that “the cost is less salient,” the authors of the study said.

Other researchers say this may be a good idea. “Probably for many [individuals] the concern about the high upfront costs exceeds the perceived benefits of more security in their advanced age,” says Ivo Pezzuto, a professor of business economics at Catholic University of Milan, Italy.

A spokesperson for Limra declined to comment.

Mr. Constable is a writer in New York. He can be reached at reports@wsj.com.

Big Win for Grad Students

Federal regulators released guidance on graduate student health insurance subsidies Friday that should provide reassurance to universities considering whether they will still offer the subsidies. The guidance likely will be viewed as great news by many graduate students.

An Internal Revenue Service interpretation of the Affordable Care Act barred large employers from subsidizing employees’ purchase of health insurance on the individual market -- a view the agency applied even to student health insurance plans negotiated by a university with insurers.
That interpretation had left many large public universities scrambling over the last year to identify alternative options to provide affordable insurance to graduate workers.

Many advocates for graduate students and leaders of universities said that the IRS interpretation ignored the many ways in which universities subsidizing graduate student health insurance are not typical of the kinds of employers that the health care law sought to regulate.

The government in February said agencies would wait until the 2017-18 academic year to enforce that interpretation. The new guidance released Friday by the Departments of Treasury, Labor, and Health and Human Services indicates they will extend that non-enforcement indefinitely.

“We’re very appreciative of what regulators and the administration did today,” said Steven Bloom, director of government relations at the American Council on Education, which advocates on behalf of public and private colleges and universities. “We think it solves an immediate problem that many schools were having a difficult time figuring out what to do for the upcoming year.”

Bloom said ACE doesn’t consider the issue to be entirely resolved but for now said colleges and universities can continue what they have been doing to offer subsidized health insurance to graduate students.

The Kansas Board of Regents announced this month that public universities in the state would cease offering those subsidies next year in response to the IRS interpretation of the Affordable Care Act. Bloom said it’s possible some member universities that were considering the same decision as Kansas may reconsider in light of the additional guidance Friday.

Breeze Richardson, a spokeswoman for the Kansas Board of Regents, said there was now no reason for state institutions to stop offering subsidies currently in place.

“We are extremely pleased about this latest decision and hope that the federal agencies involved will make it a permanent one,” she said in an email.

**In 2015, the University of Missouri announced shortly before the fall semester was to begin that it would stop offering subsidies for health insurance to its graduate students.** In the face of protests and after the involvement of Senator Claire McCaskill, a Missouri Democrat, the university changed course and reinstated the subsidies indefinitely.

Kristofferson Culmer, the president and CEO of the National Association of Graduate-Professional Students, said the group was relieved to see the extension granted indefinitely for universities.

“A lot of the options they were looking into were ultimately going to raise costs for individual students as well for the universities,” he said.
MU to subsidize graduate student health insurance indefinitely

Three federal departments on Friday indefinitely extended the ability for colleges and universities in the United States to continue providing the same health insurance subsidies for graduate student assistants without facing a penalty from the Internal Revenue Service.

The announcement by the departments of Labor, Treasury and Health and Human Services will allow the University of Missouri to avoid changing health insurance subsidies it provides graduate assistants after Jan. 1.

U.S. Sen Claire McCaskill, D-Mo., released a statement lauding the Obama Administration’s move but added she still is pushing for a permanent fix to the issue.

“Mizzou’s hardworking teaching assistants had been left in limbo about whether they’d be able to access the affordable, quality health insurance they’d relied on,” McCaskill, an MU alumna, said in the statement. “So this decision is great news for both the school and its graduate students — providing more certainty for the school year and beyond, and I’ll continue working to make that certainty permanent.”

MU had cut off the health insurance subsidies to graduate assistants in August 2015, giving them 24 hours of notice before the subsidies were set to expire, because of an IRS interpretation of the Affordable Care Act that would have fined institutions of higher education that kept providing the benefits. Graduate students protested at MU shortly after then-Chancellor R. Bowen Loftin said the subsidies would expire. MU officials quickly reversed course and put together a task force to determine how to continue the subsidies while complying with IRS rules.

In February, the three federal departments delayed the penalties for plans issued before Jan. 1, 2017. The announcement Friday said “pending further guidance, the departments consider it appropriate to further extend enforcement relief.” Interim MU Chancellor Hank Foley said in January the university would provide its current subsidies for graduate assistants for at least another year. At the time, he said in a letter, major research universities across the United States were lobbying Congress to address the IRS ruling.

Insurance subsidies have been one of several issues of concern to graduate assistants as they also strive to be recognized as university employees and for the right to unionize.
The Coalition of Graduate Workers, a group MU graduate assistants formed last year, sued the university in Boone County Circuit Court in May seeking legal recognition as the union for about 2,600 assistants. Graduate assistants held an election in April in which 84 percent voted to accept the coalition as their bargaining agent. A motion hearing in the lawsuit is scheduled for Nov. 21.

Foley did not immediately respond to a message seeking comment Friday. Christian Basi, an MU spokesman, emailed a statement to the Tribune.

“The senator’s work to secure the initial extension from the Treasury department, and now the secondary extension, has allowed the university the time and ability to work toward identifying a permanent quality, affordable, health coverage solution for our graduate students looking forward,” the statement said.

Joseph Moore, a spokesman for the coalition, called the extension “a victory for graduate student activism at the federal level.” However, he said the coalition would rather have the ability to negotiate a guaranteed contract with MU.

“It’s an indefinite extension, but we still don’t know how long that’s going to be, so there’s still an air of uncertainty around it,” Moore said.

The University of Missouri System does not recognize graduate assistants as employees. Assistants usually receive a stipend, health insurance subsidy and tuition waiver in exchange for their work.

The coalition also is seeking increased pay for graduate assistants, guaranteed tuition waivers, more university housing and on-campus childcare. Foley announced increased stipends last year, bringing the minimum for doctoral students to $15,000 for the current school year and $18,000 for the 2017-18 school year. In the 2015-16 school year, the minimum was $12,000.

Astronaut, businessman and football player chosen as first Mizzou Homecoming Hall of Fame honorees

Generated from a News Bureau media advisory
COLUMBIA — Baskets of chrysanthemums and hundreds of gold, black and white balloons decorated the hall where the first three inductees into the Mizzou Homecoming Hall of Fame accepted their awards Friday.

About 230 people gathered in the Reynolds Alumni Center to honor the MU alumni: Dr. Linda Godwin, a former astronaut who teaches at MU; David Novak, the former executive chairman of Yum Brands, which includes KFC and Taco Bell; and Kellen Winslow, a member of the Pro Football Hall of Fame who played tight end for Missouri.

"There are no alumni more deserving than the three outstanding alumni here today," interim chancellor Hank Foley said during the ceremony's opening speech. Foley picked the winners from a pool of candidates nominated by the Mizzou Alumni Association, and they will lead Saturday's Homecoming Parade as the grand marshals.

Godwin, who earned her doctorate from MU in 1980, logged more than 900 hours in space over her 30-year career at NASA, and she now teaches astronomy and physics at MU's College of Arts and Science.

"I flew my MU banner on all of our shuttle missions," Godwin said as she accepted her award, a crystal statue modeled after one of the MU Columns and inscribed with her name.

Kellen Winslow, whose performance on Missouri's team in the 1970s earned him a place in the College Football Hall of Fame, was a first-round draft pick for the San Diego Chargers. When he left the Chargers in 1987, he had scored 45 touchdowns and surpassed 6,700 receiving yards. He joined the Pro Football Hall of Fame in 1995.

"You're only as good as the people around you," Winslow said. "My years in San Diego, Missouri and high school, I was surrounded by great people who saw something in me that I did not see in myself."

Novak, a 1974 graduate of the Missouri School of Journalism, retired earlier this year as Yum Brands' executive chairman. He began his career as Pizza Hut's chief marketing officer in 1986, and he went on to serve as PepsiCo Inc.'s chief operating officer. Novak was chosen as Yum Brands' first president after PepsiCo spun off Taco Bell, Pizza Hut and KFC into a new company. He's also written two New York Times-bestselling books on business management.

"You've got an astronaut, a hall of famer and then a chicken salesman up here," Novak said when he took the stage.

In a video that played before Novak accepted his award, JPMorgan Chase chairman and CEO Jamie Dimon told him "Everything you've touched in life, you've made better."
A year later, Mizzou homecoming summons the past to spur a dialogue on the future

COLUMBIA, MO. • A brief and far incomplete recounting of what has occurred since Mizzou alumni last returned to Columbia for homecoming festivities begins with a threatened strike by Tiger football players; a nationally publicized student protest over the racial climate; the departure of both the system president and Columbia campus chancellor; and, most recently, the suspension of a fraternity after an incident with racial overtones.

The turmoil hasn’t been forgotten.

But students, alums and fans of all races and backgrounds momentarily set it aside Saturday morning to honor school traditions at the annual homecoming parade.

It was, in many ways, a traditional homecoming, with ironic floats, candy tosses and good-natured grousing over the football team and its record, now 2-5.

But there were new additions to the old traditions as well — few more significant than the high-profile presence of the 1,000-member Mizzou Black Alumni Network, a group intent on openly addressing the campus’s ongoing struggle with diversity and inclusion.

To help spur the discussion, members assembled for a parade-time tailgate party under a banner — “Unapologetically Mizzou” — appropriated from the “Unapologetically Black” cry for African-American empowerment.

It was the first time the Black Alumni Network participated as a group in homecoming parade activities.

“With this we want to take back the idea of us being part of Mizzou,” said Black Alumni Network chairwoman Erika Harrison. “Maybe some people think we shouldn’t be and should go away, but we won’t.”

For Harrison, and indeed every part of the Mizzou community, this was a homecoming weekend with special significance.

It was at the 2015 homecoming parade that African-American student activists and allies confronted University of Missouri System President Timothy M. Wolfe, demanding that he acknowledge the plight of minorities on campus.
Wolfe’s failure to leave the car or address the student concerns prompted calls for his resignation.

Both Wolfe and Chancellor R. Bowen Loftin were out before the semester drew to a close.

Eleven months later, a search committee and the Board of Curators are getting closer to announcing the new university system president.

The curators met Friday in closed session, and will likely meet again before announcing the new leader.

Ohio University President Roderick McDavis has emerged as a leading candidate.

There were no protests at this year’s parade beyond a handful of faculty members and students with signs that read “Racism Exists Here.”

The signs drew little reaction.

The response supports the contention of 2016 Mizzou graduate Payton Head that the protests created a campus that is more tolerant and open to discussion.

“I’ve always believed in the university from day one, even though I felt and knew there were changes to be made,” said Head, the 2015 student body president who played a major role in the disruptions.

“But I knew Mizzou could do it. Now it’s a household name at universities nationwide when talking about issues of diversity, inclusion and equity. That’s the identity I want to see.”

Harrison viewed this year’s homecoming as an opportunity for students past and present and of every ethnicity to reaffirm a common allegiance to Mizzou.

“The parade and the game are two events that everyone can be part of — that unify all groups,” Harrison said.

The events of the past year nonetheless still hung over Saturday’s festivities.

Florissant resident and Mizzou alum Glenn Ellis, an African-American, grappled with returning for homecoming.

Unlike many of his college friends who refuse to come back to Columbia under any circumstances, Ellis ultimately decided to attend this year’s festivities.

“What I see is a fresh beginning because a lot of us have had different experiences, different variances of experiences from our time at Mizzou, often not feeling included,” Ellis said. “With everything coming up to the surface that’s been festering for years, it’s out there now.”
He calls what’s happening on campus now “a rebirth” of sorts.

That idea of rebirth is felt by many, including Head.

Head has openly discussed the difficulties that come with being a black man on a campus that’s predominantly white.

Still, the 2015 Homecoming King is in a way one of the school’s biggest cheerleaders.

“I see Mizzou is such an example in dealing with these issues rather than pushing them under the rug,” Head said, adding that it’s because of the students’ actions last year. “Homecoming is a chance to celebrate those people and the institution.”

Mizzou is “finally living up to its standard,” said Head, noting the school is demonstrating its commitment to inclusiveness in well-funded initiatives that include a program to strengthen the minority presence on campus.

After graduating, Head landed a position with a national organization that counsels college student governments.

At every opportunity, he shares the story of what transpired on the Mizzou campus.

And he does so with pride.

MU Homecoming Parade draws demonstrators, but no interruptions

COLUMBIA — MU’s 105th Homecoming Parade marched through downtown Saturday morning without a hitch, though there were some echoes of last year's parade-halting demonstration.

Demonstrators held signs in Greek Town protesting racism on campus, while students and faculty marched in the parade wearing shirts that read ”No Hate Here.” Nevertheless, the atmosphere was festive as MU Interim Chancellor Hank Foley marched through campus, drawing cheers as one woman yelled ”Thank you chancellor!”

Last year, 11 members of Concerned Student 1950 blocked then-UM System President Tim Wolfe's car and confronted him about racism on campus. That sparked weeks of unrest on campus, drew national attention and led to Wolfe's resignation. At Saturday's parade, many white
attendees said they hoped this year marked a return to the parade's emphasis on traditions. Many black attendees said they welcomed the sustained attention to stamping out racism.

Outside the Delta Upsilon fraternity, where black students said they were called racist slurs last month, MU students Mason and Tomas Pramod waved signs saying "Black Lives Matter" and "Racism Still Lives Here." The university and Delta Upsilon's international governing body have temporarily suspended the fraternity while they investigate the incident, and the group was barred from participating in Homecoming events.

“I’m glad I could make people uncomfortable today,” Tomas Pramod said. “You can walk away from the signs but we can’t walk away from the color of our skin. All people can love black and gold, but we’re standing up for black and brown.”

One of Delta Upsilon's windows displayed a Trump campaign sign along with one that read “Make Mizzou Great Again.” As the Pramod brothers stood outside with their posters, someone inside the fraternity peeled down the Trump signs.

Two members of Delta Upsilon sitting on the house steps directed a reporter to the fraternity's national spokesperson.

Jill Lucht and Bill McKelvey, two MU staff members who were wearing gray "No Hate Here" T-shirts, said they wanted to show support for the students.

“It seemed important, in light of what happened at (Delta Upsilon), to show solidarity with students,” McKelvey said. “Homecoming is a celebration but it’s important to keep in mind that there are still issues.”

As the parade passed, they joined about 50 people from the College of Human Environmental Sciences group, all sporting “No Hate Here” shirts. The college printed 1,500 shirts, and they handed out about 1,000 before the parade.

"These days, when things happen it really resonates. And we have to not only say that these things are wrong, but demonstrate that," the college's Interim Dean Sandy Rikoon said in an interview on Friday.

"We know we can do better," he said.

As the group marched through Speakers Circle, MU student Paula Herrera led a chant of “Ashe! Power!” as she shook a Black Lives Matter sign.

“The fact that Dean Rikoon did this is really impressive, considering what happened last year, with the protest,” Herrera said.

Interim UM System President Mike Middleton did not attend the parade. He was at a friend's birthday party, a System spokesman said.
Many students and alumni were relieved that the Homecoming Parade seemed to have returned to normal.

Along the route, people cheered and clapped for passing floats as children danced and scrambled for candy. MU alumni Eric Holm, 28, and Tom Fritts, 27, have been coming to the Homecoming Parade since they were students.

“I definitely think changes have been made,” Fritts, who is white, said. “It seems like we’re going in the right direction.”

Graduate student Chelsea Page, who grew up in Columbia, said this year’s parade seemed quieter than those of years past. She blamed that on the campus environment.

“There seems to be more incidents that you’re hearing about, which is a little unnerving — especially if you’re a minority student on that campus.” Page, who is black, said. “It’s not all bad, but I notice it more.”

Pat Taylor, from Sikeston, Missouri, also has been returning to Columbia for the parade for years.

“It doesn’t matter how old you are, the atmosphere sucks you in,” she said. “What’s not to love about this place?”

Alumna Sarah Koci Scheilz also returns every year to watch the parade. She said she didn’t witness the protest last year, but wanted to come show support for MU and see traditions she participated in as a student.

“To be totally honest, I think the school spirit is stronger than anything negative happening,” Scheilz said.
Parade marks one year since first protest at MU

Watch the story: http://mms.tveyes.com/PlaybackPortal.aspx?SavedEditID=b8ff0d51-9b51-4f2d-9a29-bef087c13144

COLUMBIA - A year after the protest at the MU Homecoming parade, students are talking about changes they have noticed on campus.

Last year's parade was the first protest of Concerned Student 1950. The group formed a line in front of Tim Wolfe's car. Wolfe was the University of Missouri System President at the time.

Police said they are prepared for any potential protests on Saturday.

Jessica Porter, an MU student, said, "I heard that they're going to be increasing security. They're trying to make sure everybody is safe and has a good Homecoming day parade."

But she said she does not anticipate any protests this year.

"There's progress, kind of, that has been made, and so I feel like, I mean, there was an instance a few weeks ago, but I feel like people are starting to move forward, and, you know, I don't really see a need for a protest right now, but students were doing it last year for a specific reason. You know what I'm saying? They were doing that because they were fed up, there was a boiling point," Porter said.

Some students have even noticed a change in people on campus.

MU student Adam Bexten said, "Race relations on this campus is a difficult conversation to have, but it's an important one to have. In the past year, I've noticed friends, faculty, and students on this campus making an effort to talk about these hard topics and hopefully find and create a better campus society."

The Legion of Black Collegians and Concerned Student 1950 were contacted, but neither responded
Missouri curators discuss selection of system president behind closed doors

By Mará Rose Williams

Curators at the University of Missouri met behind closed doors Friday to discuss the selection of the next president for the four-campus system, but they emerged with no official statement about whether any decisions were made.

Pamela Henrickson, who chairs the board, would only say following the four-hour meeting that curators are excited about the candidates and that they were making great progress. Her comments were in a statement from John Fougere, a spokesman for the curators.

Fougere said the search “is at the point of considering finalists, and we remain very confident that we will meet our stated goal of having the new president announced before the end of the calendar year.”

A person close to the presidential selection process told The Star that a preferred candidate for system president could be selected this week. But that it could be another week before a contract agreement is reached and the board is ready to announce its choice.

The Star was told that two weeks ago, the 16-member university Presidential Search Committee, made up of curators, alumni, two faculty members, a staff member and two students, selected three final candidates from a preferred list of five.

Those choices were made after two days of closed-door meetings at the Kansas City Airport Marriott hotel. The final three names are said to have been passed to curators with information about why the search committee liked each one. But no recommendation of preference was given to curators.

According to the university’s timeline for the selection, curators were expected to receive a list of choice candidates from the search committee the week of Oct. 2.

Since the process began in February, no information has been released about the professional background of candidates who’ve been interviewed or how many were being considered.

But reports have surfaced that Ohio University President Roderick J. McDavis may be among the three finalists for the Missouri position.
Ohio University spokeswoman Carly Glick said, “We have no comment,” when asked whether McDavis is a finalist for the Missouri presidency. No other names have surfaced.

McDavis received his doctorate in counselor education with a minor in higher education administration at the University of Toledo in 1974, and he did his undergraduate studies at Ohio University in Athens, Ohio.

He began his career in higher education that year at Siena Heights College, a Catholic school in Adrian, Mich. Later, McDavis served as provost and vice president for academic affairs at Virginia Commonwealth University in Richmond from 1999 until 2004, when he became the first black president at Ohio University.

In March, McDavis announced that he would step down as president when his contract expires on June 30, 2017.

In his final state of the university address, McDavis reflected on thoughts he had when he’d taken that post 12 years earlier. He said, “When you are a new president, you want to push your university community out of its comfort zone a little — or, as I look back now on the goals I set, a lot.”

One of his goals set the day he took the helm at Ohio University was to increase diversity among the student body and faculty.

Under his leadership, the university created its first vice provost for diversity and inclusion position and implemented the Ohio University Diversity Initiative to enhance minority and women faculty and staff recruitment. He also spearheaded the creation of the Urban and Appalachian Scholarship Programs, which university officials said led to a “notable increase” in the number of African-American, minority and international students on campus.

Such accomplishments might be significant for Missouri curators as they consider who should lead the four-campus system going forward. Improving diversity, equity and inclusion was made a priority after racially charged protests on the Mizzou campus last year pointed to that need.

The new president will replace Tim Wolfe, who resigned last November under mounting pressure from faculty and students who staged a series of protests over racial issues on the Columbia campus. The protests focused a national spotlight on MU and set off similar racially motivated protests on campuses across the country.

Michael Middleton, who is African-American, has been serving as interim president of the UM System since November. He was called out of retirement after the Columbia campus upheaval to take the post until a new president could be found.

Similar stories ran in KRCG and the Columbia Daily Tribune:

University of Missouri curators meet without naming presidential selection
MU Receives Diversity Grant for STEM Education

Eight Missouri universities will share a $5 million grant for minority students in science, technology, engineering and math education. The grant comes from the Louis Stokes Alliance for Minority Participation.

The program was created by the National Science Foundation to promote the successes of minority students studying STEM in higher education institutions.

Rob Margetta is a public affairs specialist at the National Science Foundation.

“Giving them access to STEM education is important but you also need to find ways to make sure those people, the people who enter degree programs and those subjects actually graduate and so that is what this grant is intended to enhance our ability to do.”

Margetta also said the program doesn’t just end with getting students involved in STEM education.

An important part of the initiative is to support minority students until they graduate and complete their programs.

LeRoy Jones II is the director of the National Science Foundation’s Louis Stokes Midwest Center of Excellence.

“Just putting more students into the STEM workforce to diversify it because when you do that, you bring new ideals to the table. And new creativity and you have individuals who can approach problems and come up with solutions in different ways.”

Jones also said addressing the lack of diversity in STEM makes America as a whole more competitive in the 21st century.
According to a study done by the U.S. Department of Education and the National Center of Education Statistics, underrepresented minority and first generation students leave the field of STEM at a higher rate than their counterparts.

The University of Missouri is among the eight schools who received part of the funding.

'Backpacking' a dangerous substitute for ER care for intoxication, University of Missouri doctor says

When a Kappa Alpha fraternity pledge became unconscious early Sept. 29 after participating in a vodka-chugging contest, other fraternity members put him in a bed about 2 a.m. and then did something a University of Missouri medical researcher said Friday is extremely dangerous.

“For safety concerns, they put a backpack on to” ensure “that while he was sleeping he did not roll over on his back, vomit, and proceed to choke on his own vomit and auto-asphyxiate himself,” Kappa Alpha chapter President Jacob Lee wrote in an incident report for the national fraternity headquarters.

Dan Vinson, a professor emeritus in the School of Medicine who has studied alcohol and its effects for more than 20 years, said that is not safe.

“I never heard of it before, but it sounds like an urban legend in the making, and I want to use a fire extinguisher to snuff it out,” Vinson said.

About nine hours after the pledge was put to bed, he was being treated at Boone Hospital Center for acute alcohol poisoning. Students at the fraternity did not call 911 until they discovered they could not wake the pledge, who had a blood alcohol content of 0.45 — more than five times higher than the legal limit to drive a car — when he arrived at the hospital, his parents have said.
Homecoming means drinking begins early in the day for many people. Alcohol consumption at any level creates a higher likelihood of an accident, Vinson said. Two drinks over six hours doubles the risk of injury, and four drinks in that period makes the risk 10 times as great, he said.

If someone is intoxicated, he said, it is important to make sure they have not consumed so much alcohol they are in danger. One way to do that is to attempt to wake them, he said. If they do not wake up, call 911, he said.

“You don’t just put them in a back room, shut the door and let them sleep it off,” Vinson said.

Kappa Alpha apparently violated university and fraternity rules against hard alcohol and allowing a minor to consume alcohol in any form. The fraternity, already on disciplinary probation as a result of a previous incident where a pledge required medical treatment for intoxication, is on temporary suspension while the MU Office of Student Conduct investigates. The MU chapter also has been suspended by the national fraternity while it conducts an investigation.

The Columbia Police Department is investigating allegations that the vodka consumption was part of illegal hazing of new members.

Mike Zingale, father of the Kappa Alpha pledge, said he was told the method used on his son was called “backpacking” and had never heard of it before.

The online Urban Dictionary defines it as a “drunk pack,” and a Reddit page called Life Pro Tips describes the process as laying the intoxicated person on their side and placing the backpack in a position that prevents rolling onto their back.

“I have never heard of backpacking except going for a long hike in the Sierras,” Vinson said. “If you are concerned enough that this person isn’t arousable, might vomit, might aspirate, if someone is so far out of it that they can’t protect their own airway, then they have acute alcohol poisoning and you should call 911.”

A Boone Hospital Center ambulance and the Columbia Fire Department responded Sept. 29 to the fraternity house at 1301 University Ave. The pledge’s mother, Lynn Zingale, said she has spoken to supervisors for the firefighters and the emergency medical responders and is certain her son was on the verge of dying when he received treatment.

When help arrived, she said, her son “was cold, on the floor, with bubbles coming out of his mouth. … They had to suction his mouth to secure his airway.”

The university has not announced the results of its investigation, nor has the national fraternity. Lynn Zingale said the more she has learned about the incident, the more incensed she is at the fraternity leaders.

“This bothers me, that they were so concerned about their well-being and not getting into trouble that he was left in this condition,” she said.
2 Missouri frats get final extension for sprinkler systems

COLUMBIA, Mo. — Two fraternities at the University of Missouri-Columbia have gotten another extension to continue housing students without installing fire sprinkler systems.

The Columbia Missourian reports that Kappa Alpha Order and Delta Tau Delta have fire extinguishers and smoke detectors but do not have sprinkler systems, a violation of an ordinance passed by the Columbia City Council in 2009 after a Sigma Chi fraternity member died in a 1999 fire.

The council voted last year to give six fraternities until June 1 to install systems.

Columbia Assistant Fire Chief Brad Fraizer says if the two remaining fraternities don't meet the new deadline they'll have to pay fines or they could lose their housing permit.

Small investors catch a break as brokers get squeezed

By Jim Gallagher St. Louis Post-Dispatch

Investing is getting cheaper and will get cheaper still.

That’s good news for investors. It’s not good for brokers or the companies that manage mutual funds and their exchange-traded cousins.

It’s rotten for workers at Scottrade, the discount brokerage based in Town and Country. Scottrade recently put itself on the sales block, and any likely buyer may be looking to cut its operating costs by 40 to 50 percent, according to one analysis. Much of that cutting would be in personnel.

The drive toward cheap is happening on many levels. Companies managing exchange-traded funds are chopping expense ratios to the microscopic. There’s a slow slog downward in mutual fund expenses.
“You’re certainly seeing a race to the bottom,” says Michael Guillemette, assistant professor of financial planning at the University of Missouri.

There is also a big change looming in the way brokerages get paid for advising people on their retirement investments, and that’s likely to cut costs to clients, while possibly producing better advice.

The squeeze on fees comes in part because investors are smartening up. For years, they’ve been listening to academics argue that cheap mutual funds that simply track stock indexes do better than most costlier funds run by active stock-pickers.

Investors have come to believe it. They’ve been yanking money out of actively managed funds and adding it to passive index funds, which have very low expenses. They pumped $166 billion into indexers last year, triple the level of three years earlier, according to the Investment Company Institute, the fund industry’s trade association.

Nearly a third of all mutual fund money is in funds indexed to the S&P 500 index of big-company American stocks.

“I think it’s great for the investor,” says Guillemette. “The most important thing is that it’s cheaper.”

Exchange-traded funds are mainly indexers. Since funds following the same index are virtually identical, the only way they distinguish themselves is on costs.

BlackRock, the giant sponsor of iShares, set off the latest cost skirmish this month, cutting the expense ratio on 15 ETFs. Its iShares Core S&P 500 fund now charges expenses of just 0.04 percent, down from 0.07 percent. That means it charges 40 cents per year for each $1,000 invested.

Charles Schwab quickly followed suit. Fidelity and Vanguard had cut ETF expense ratios over the summer.

Meanwhile, expenses of mutual funds have been sinking slowly, from an average of 0.83 percent in 2000 to 0.68 last year, according to the Investment Company Institute. Some index mutual funds rival ETFs for cheapness. The giant Vanguard Index 500 fund charges 0.05 percent — or 50 cents per $1,000 — for people with $10,000 invested.

Some brokerage houses such as Vanguard and Schwab waive commissions on customers buying their own house-brand ETFs. Some are waiving commissions on rival ETFs as well.

The result is a “democratization of access,” says Dennis Bowden, who studies the trend as managing director at Strategic Insight in New York. Little-guy investors can now buy funds at cost levels once available only to big institutions.
Part of the drive toward cheap comes from a slow change in the way that brokers get paid for the advice they give clients. More brokers are charging a flat fee — a set percentage of assets — rather than collecting commissions on every trade, notes Bowden.

Brokers, freed from the need to rack up commissions, are pushing more clients into low-cost index funds, Bowden notes.

That’s bad news for active-management fund companies that like to reward brokers with 5 percent commissions and backdoor kickbacks for sending lots of customers their way.

The slow trend toward flat fees will speed up next year when new federal rules will require brokers to act in their client’s best interest when advising on retirement accounts. That makes it hard to justify putting a client in an expensive, commission-paying investment when a cheaper one is available.

Eventually, it will push the entire retirement advice industry into a flat-fee approach, predicts Michael Kitces, a Maryland financial planner and consultant who runs the Nerd’s Eye View blog for investment advisers.

Scottrade, the local discount broker, serves do-it-yourself investors by offering stock, bond and mutual fund trades at the low price of $7 per trade. Discounters generally don’t give advice, although Scottrade has been tiptoeing in that direction recently.

Discount broker commission levels have been holding fairly steady, but some deeper cut-rate rivals are popping up.

Robinhood Financial, a California startup, is offering no-commission trades through a no-frills smartphone app. The firm says it makes its money by investing the cash in clients’ accounts and from interest on margin loans.

Motif, another startup, offers $4.95 trades for individual stocks, or $9.95 trades for an entire basket of stocks designed to mirror an investment theme.

Capital One, the giant banking company, offers $3.95 trades for customers who will invest on a regular schedule.

Scottrade is privately held and the firm hasn’t discussed its motives for selling. Its 70-year-old founder and CEO, Rodger Riney, was diagnosed with cancer last year.

Discounters survive by driving high volume in trading and keeping costs under control. As one of the largest discounters, Scottrade has volume and that makes it a tempting purchase for rivals.

Purchasers chopped away 40 to 50 percent of operating costs after swallowing other discount brokers, note analysts at Wells Fargo Securities, who think a Scottrade purchase would yield similar savings.
“Synergies of this magnitude are possible mainly due to technological and personnel redundancies,” they wrote early this month. That’s not a pleasant thought for Scottrade’s 2,000 St. Louis-area employees.

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