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TWIN CITY HOSPITALS - MINNESOTA NURSES ASSOCIATION PENSION PLAN

The Twin City Hospitals-Minnesota Nurses Association Pension Plan started in 1962. Minnesota Nurses Association achieved what outside experts and consultants said couldn't be done - a multi-employer, portable, non-contributory, defined benefit plan for Hospital nurses that was jointly administered with the Union.

The Plan is a defined benefit Plan. Benefits accrued, once vested, are guaranteed. Pension benefits are in addition to Social Security. The value of your accrued benefits does not go down if the investment market goes down. Instead, the contributions required from the employer will increase.

The Plan is funded by employer contributions. The employer also directs the investments, MNA does not. The Pension plan is solvent and healthy. The fund, as of January 1, 2022, had assets with a market value of \$2,192,928,318.00. The amount of contributions required to fund the Plan is determined annually by the Plan's Actuary, currently the firm of Segal. They determine the necessary contributions after annual review of data such as age, salary level, length of service, turnover of nurses, operating costs of the Plan, and interest income of the fund. They ascertain the money necessary to meet current and projected future pension obligations and to keep the Plan financially sound. 8,442 registered nurses (or beneficiaries) were receiving pensions as of January 1, 2021.

The day-to-day Plan administration and record keeping is done by Wilson-McShane Corporation. The Plan is audited annually, and the Pension Committee has directed the Auditors to also do on-site audits at the Hospitals of the accuracy of data supplied to the Registered Nurse Plan. Copies of complete Plan documents, actuarial and audit reports, and required government reports are available for inspection in each Hospital personnel office, the Minnesota Nurses Association office, and at Wilson-McShane.

Current Minnesota Nurses Association regular and alternate members on the Pension Committee are bargaining unit RNs Sandra Anderson, Kelly Friesen, Gail Olson, and Barbara Warren-Bloms. Bill Spartz and Zac Smith, MNA Labor Relations Specialists, are also committee members. Mark Kinney, Partner, Kinney & Larson LLP advises MNA related to the Pension.

An overview (though by no means a complete description) of major features of the Plan include:

- Pension benefits are accrued by nurses while working in bargaining unit positions.
- These benefits are accrued in each W-2 year a nurse has 1,000 hours of credited service at one or a combination of covered hospitals. An exception is made when a nurse has ten (10) years of 1,000 hours. For this nurse, additional vesting years and benefit credit will be given for past and future years (after 1976) in which the nurse has 832 hours.

- All paid hours, including both on- and off-premises call hours, plus hours of voluntary or assigned low-need days and hours spent as a Committee member at the bargaining table or on the Pension Committee count toward the 1,000 hours.
- The benefit formula provides for accrual of a monthly benefit in each vesting year of 1.65% of the annual W-2 earnings. For Pension purposes, monies contributed to a TSA and/or a flexible benefit program are considered part of W-2 earnings.

For example: W-2 earnings = \$70,000
 $\$70,000 \times .0165 (1.65\%) = \$1,155$
 $\$1,155 \div 12 \text{ months} = \$96.25 \text{ accrued monthly benefit for this year}$

For service prior to May 31, 1999, the benefit formula was 1.50% of W-2 earnings.

Effective January 1, 2005, nurses who have 13 years of vesting service began accruing future benefits at the rate of 1.75% of the nurse's annual W-2 earnings.

A pension upon retirement (if the nurse selected payments for their lifetime only) would basically be equivalent to the total of the monthly accrued benefits earned each year of vesting service.

- Because salaries were so low in early years of the Plan, a minimum monthly benefit of \$47.00 for a year of full-time service is established by the Plan effective June 1, 2006. This is prorated for a part-time year of service. This minimum benefit has been periodically negotiated upward.
- Accrued benefits become vested after five (5) years of vesting service (years of 1,000 paid hours). Vesting means the benefit has become non-forfeitable. Even if you resign and never work again, upon reaching retirement age you would be entitled to a pension based on the benefits you accrued.
- Hours of service with covered Employers in non-contract Registered Nurse positions and non-Registered Nurse positions (i.e., LPN, NA) will, within specific limitations, count as hours toward vesting even though no Pension benefits are accrued.
- Hours of service at a non-contract Minnesota facility that is a non-MNA-contract-covered location of a Participating employer or is an affiliate (health care enterprise, trade, or business under common control with a Participating Hospital) will, within specific limitations, also count for vesting, but not for Benefit accrual; e.g., Fairview Ridges, Bethesda Lutheran Care Center, Park Nicollet.
- You continue building on your pension if you change from one to another Contracting Hospital. If you are not vested, you may be gone from Contracting Hospitals for a period up to five consecutive years without starting over in earning benefit and vesting credit. Years where you have less than 1,000 hours of service do not count for benefit or vesting accrual, but are not counted as years toward the five years you may be gone without starting over.
- Normal retirement age is 65. Early retirement is available after 55. Your accrued pension is reduced by three percent (3%) for each twelve (12) months of early retirement. A nurse may terminate employment and retire at any age without any reduction for early retirement if the nurse's age plus years of vesting service equals 85. (Disability and death benefits are also provided but are not explained in this overview.)

- Optional forms of pension payments are available and are explained in your Summary Plan Description. The option a nurse selects affects the monthly amount of pension payment. The Plan does not provide lump sum payments (except in the uncommon event of the death of a nurse who is not married at death and meets certain other criteria).
- A nurse who retires before age 65 may, after a complete separation of employment and at least a two-month absence, be re-employed by a participating employer. Monthly pension benefits will not be suspended so long as the pensioner works less than 600 hours in a calendar year. This 600 hour rule applies only to certain places of employment – contact Wilson-McShane for a list that applies at the time of your re-employment.
- A nurse must start pension payments at age 65 and may continue to work unlimited hours while also drawing their pension. The monthly pension payments will be increased annually if the pensioner works the 1,000 hours (or 832, if applicable) in a year.
- Increases for pensioners are periodically negotiated when the Pension Contract is opened.
- A nurse who terminates employment after December 31, 1999, due to disability and who qualifies for Social Security Disability (and had at least five years of vesting service at the time Social Security Administration determines disability) will continue to accrue pension based on her or his hours and pay in the three years before termination.
- Each year, usually in the late spring or early summer, each covered nurse who worked the previous year will receive a listing from the Plan reciting their employment history as it is contained in the Pension records. If it is not correct, contact your Hospital's benefit office and Wilson-McShane, the Plan's administrator, right away.

The Pension Plan itself is an 86-page document. This overview touches only highlights and should not be relied upon to make retirement decisions. You should be given a copy of the Summary Plan Description by your employing Hospital. The Summary Plan Description is also available on the MNA website at www.mnnurses.org. If you wish to know specifics about your status in the Plan or the effects on your pension rights of career changes you may consider, consult your Summary Plan Description, call Wilson-McShane at 952-854-0795, or call the Minnesota Nurses Association at 651-414-2800.