

Fact Sheet

November 2012

Important Facts about the Proposed Changes to the Pension Program at UMass Memorial Medical Center

We know that you have received communications from the MNA criticizing the UMass Memorial Medical Center's pension proposal. It's important that you understand our proposal would preserve the defined benefit plan for all nurses at a time when many other organizations have moved to a defined contribution format. All we are asking for is a change in the defined benefit formula starting five years from now, in 2017. Above all, we want you to know that our goal is to reach an agreement with the MNA. In this time of uncertainty in health care, none of us want the distraction of a protracted, public fight. Here are the facts:

FACT:

Unlike the vast majority of other employers, UMass Memorial still has a defined benefit pension plan. UMass Memorial is not proposing to eliminate that plan for anyone, not even new hires.

FACT:

The changes to the defined benefit formula that UMass Memorial Medical Center has proposed to the MNA would not go into effect until January 1, 2017. This means that nothing changes for the next four years, and any nurse that retires or leaves the Medical Center prior to that date would not be impacted in any way by the change.

FACT:

The Worcester-based UFCW, UFCW-Skilled, SHARE, NECOPS and NAGE unions all agreed during their respective contract negotiations to the change in the defined benefit formula. These unions recognized the difficult challenges that lay ahead and worked cooperatively to make the defined benefit pension plan sustainable for the future. We are asking the MNA to do the same.

FACT:

The defined benefit formula has also been changed for all non-union employees effective January 1, 2017. The nurses are being treated the same as all other employees.

FACT:

If we do not modify the benefit formula, the defined benefit plan will not be sustainable over the long-term. Pension liabilities have crushed companies much larger and more profitable than UMass Memorial. That is why almost no companies still have defined benefit pension plans.

FACT:

At the same time that the defined benefit formula would change – January 1, 2017 – UMass Memorial's matching contribution to the 401k plan would be increased.

We know that these have been difficult times for everyone – nurses and non-nurses, union and non-union employees. We certainly wish that health care was not going through the dramatic changes that we are all experiencing. However, that is not reality. The proposed changes to the defined benefit plan is a responsible approach to pension reform that preserves a very important employee benefit, while at the same time moderating the expense.