

SEIU HEALTHCARE MINNESOTA  
**PENSION PLAN**

**INFORMATION  
FACT SHEET**

PREPARED FOR CRMC WORKERS: SPRING, 2019



Minnesota

**SEIU**Healthcare®  
United for Quality Care



## **WHAT IS THE SEIU PENSION PLAN?**

---

The SEIU Pension Plan is officially called the Twin City Hospital Workers Pension Plan and was the first Pension Plan negotiated for workers in private-sector hospitals in America. Founded in 1965, the members of our union negotiated that the Plan's purpose is to provide SEIU members with a stable retirement benefit that is structured as a "Guaranteed Income Stream for Life."

Unlike lump sum retirement plans where it is difficult to know if you have enough money to retire, the SEIU Pension Plan provides a guaranteed monthly income stream for as long as you live and the value of the plan can provide as much as 45% more benefits to a member over their lifetime compared with CRMC's current non-contract retirement plan.

## **WHAT WOULD HAPPEN TO THE MONEY I ALREADY HAVE IN MY NON-CONTRACT RETIREMENT PLANS?**

---

Changing to the SEIU Pension Plan would not affect any benefits already earned under any non-contract plans. Currently, all other hospitals participating in the SEIU Pension Plan also offer a 401K or 403B. Some contracts provide for additional employer contributions over and above the SEIU Pension Plan. For example, Allina Health provides 1-3% in additional contributions to the 401K plan over and above what is negotiated into the Pension Plan. We estimate that the standard contribution rate of \$.67 per hour worked would equal appx. 3 – 4% of CRMC's payroll, leaving plenty of room for CRMC members to have access to both the pension and 401K retirement plans, without any increased cost to CRMC.

## **WOULD I NEED TO CONTRIBUTE ANYTHING TO THE SEIU PLAN TO BE ELIGIBLE?**

---

No, you would not. If CRMC members bargain into the SEIU Pension Plan, CRMC would contribute appx \$.67 cents for every

hour worked in any SEIU job into the Pension fund. That money would then be aggregated, invested and later distributed to the vested members upon their retirement. Because of the size of the pension fund, the assets can get significantly better investment returns (on average) with lower fee structures than retail investors experience alone. Also, because some members do not reach the vesting requirements or work enough hours to qualify, the benefit paid to participants upon retirement is in most cases considerably more generous than is possible in the current non-contract 401K retirement plan. In addition, because CRMC holds onto 401K contributions until the end of the year (or longer) SEIU members currently miss out on a full year of market earnings under the current structure.

Members can bargain for increased contributions to the Twin City Hospital Workers' Pension Plan during each contract opener.

## **WHAT ARE THE VESTING REQUIREMENTS FOR THE SEIU PLAN?**

---

Vesting Service is based on the hours worked in Covered Service during a plan year (January 1-December 31) and is used to determine your eligibility to receive a benefit from the Plan. Vesting service is the sum of your Past Vesting Service and your Future Vesting Service. To be vested means that you have earned the right to a retirement benefit, and your right to receive this benefit cannot be forfeited.

**PAST VESTING SERVICE** Employees receive 1 year of Past Vesting Service for each consecutive calendar year you worked for the employer prior to your employer's Participation Date in the Pension Plan. This employment must be in a classification covered by an SEIU Healthcare MN contract.

**FUTURE VESTING SERVICE** You will receive 1 year of Future Vesting Service for each Plan Year after your employer's Participation Date during which you work at least 1,000 hours. You may also earn Future Vesting Service if you work in Contiguous Non-covered Service. Contiguous Non-

covered Service is work in a classification not covered by an SEIU Healthcare MN contract, which immediately precedes or follows work in Covered Service, with no quit, discharge or retirement between those periods of employment (ex: a member takes a management position or transfers to a non-contract position).

Now that you know how a year of Vesting Service is earned add up your years of Vesting Service. You need 5 years of Vesting Service in order to be Vested, that is entitled to benefits in the Pension Plan. It is very possible that you are Vested already! You can also become Vested if you are working in Covered Service when you attain your Normal Retirement Date (the first day of the month in which you turn 65).

## **HOW IS THE BENEFIT LEVEL DETERMINED?**

---

The Benefit level is determined by a vote of the Pension Plan Trustees. The Trustees are responsible for insuring that the Plan is funded and that the benefits promised to qualifying retirees are there when you retire. The benefit is currently set at \$31 a month per year of service. The benefit level is increased by the Trustees when they believe the Plan can afford to provide the increased benefits to the participants. As pension contributions increase the benefit level tends to increase, although the two are not directly linked. When the investments of the Plan Trust do particularly well, the Plan is sometimes able to increase benefits sooner than expected.

## **WHEN I DECIDE TO RETIRE HOW WOULD I CALCULATE MY MONTHLY PENSION AMOUNT?**

---

To determine your monthly pension benefit you will need to determine your Future Credited Service. There will be no benefits paid for Service worked prior to entry into the SEIU Pension Plan as a participant. Once your employer agrees to participate, however, you would receive 1 full year of Future Credited Service for each Plan Year during which you work 1,400 hours in Covered

Service. For any plan year during which you work less than 1,400 hours you will receive Future Credited Service on a pro-rated basis according to the following schedule:

**Hours Worked / Benefits Earned in a Plan Year**

1,400 or more	1.0 Year
1,200 to 1,399	.855 Year
1,000 to 1,199	.715 Year
870 to 999	.622 Year
Less than 870	None

Your Future Credit Service Years may be different from your Vesting Service Credit Years. Remember your Vesting Service Credit Years are calculated to see if you are entitled to a benefit while the Credited Service Years are used to calculate the benefit itself.

The Pension benefit is set by the individuals who serve as Pension Plan Trustees. The Union selects 3 trustees for the plan and the employers who contribute to the plan also select 3 trustees. Because the Union and employers each have 1 vote, it requires that we come to agreement before any changes to the benefits can be made.

To calculate your normal monthly benefit multiply the Pension Benefit Level on your Retirement Date times your Years of Future Credited Service.

**EXAMPLE #1** Suppose you retired on January 10, 2020, with 10 Years of Vesting Credit and 1 Year of Future Credited Service your monthly benefit would be figured as follows:

$$\text{Benefit Level on Retirement Date} \times \text{Years of Future Credited Service} = \text{Monthly Benefit}$$

$$\mathbf{\$31.00 \times 1 = \$31.00}$$

**EXAMPLE #2** Suppose you retire on January 10, 2020, with 28 Years of Vesting Credit and 28 Years of Future Credited Service your monthly benefit would be calculated as follows:

$$\begin{array}{rclcl} \text{Benefit Level on} & & \text{Years of Future} & & \text{Monthly} \\ \text{Retirement Date} & \times & \text{Credited Service} & = & \text{Benefit} \end{array}$$

$$\mathbf{\$31.00 \times 28 = \$868.00}$$

Note: The above example reflects a normal form of payment for participants, a Single Life Annuity. See the summary plan description for more options related to retirement benefits for Pension Plan participants.

## **WHAT WILL HAPPEN TO THE MONEY I ALREADY HAVE IN MY NON-CONTRACT RETIREMENT PLANS?**

Bargaining into the SEIU Pension Plan will not affect any benefits you have already earned in your non-contract retirement plans. Your 401K plan account will continue to earn returns based on your account balance plus any new contributions made by you or CRMC, and based on your own investment decisions.

## **CAN I STILL CONTRIBUTE TO MY 401-K PLAN?**

Yes. In addition to the Twin City Hospital Workers Pension Plan you can continue to be able to contribute your own money to a 401K plan or other retirement plan of your choice if you bargain to do so. SEIU members at CRMC can also negotiate additional contributions by CRMC to our 401K accounts. Allina Health currently contributes between 1 and 3% of annual earnings into SEIU members' 401K accounts in addition to participating in the pension plan. Whatever CRMC members bargain into the contract will be what controls.

## **WHAT IF I TRANSFER TO ANOTHER HOSPITAL OR TAKE/ACCEPT AN SEIU JOB AT ANOTHER SEIU HOSPITAL, LIKE FAIRVIEW RIVERSIDE?**

---

One of the unique benefits of the SEIU Pension Plan is that is portable across all contributing employers. If you work a few years at CRMC and then accept a position at any other Hospital that contributes to this plan, your Vesting and Credit Years will transfer with you and there will be no need to start over from scratch. The contributing hospitals include:

### Allina Hospitals

Abbott Northwestern  
Buffalo  
Mercy  
Owatonna  
Phillips Eye Institute  
St Francis Regional  
Medical Center  
United  
Unity

### Fairview Hospitals

Riverside  
Southdale

North Memorial Hospital  
Methodist Hospital

### Children's Hospitals

Minneapolis/St. Paul

### HealthEast Hospitals

St. John's  
Bethesda

## **HOW DOES MY NEW RETIREMENT BENEFITS PACKAGE COMPARE WITH WHAT I HAVE?**

---

The table below describes retirement benefit projections for the SEIU Pension Plan compared with our current non-contract retirement benefits package, based on actuarial assumptions. The cases are examples only, and should not be considered a guarantee.

## **CASE #1**

If you started at CRMC today at age 25, making \$18.00 an hour, worked full-time and stayed until retirement at age 65:

### **Non-Contract Benefits**

Retirement savings plan

(Total Employer Contributions): \$111,200

Total Projected Benefit Value at 65: \$451,809

### **SEIU Member Benefits**

Total SEIU Pension Plan Contributions: \$105,079

Projected SEIU Pension Benefit Value at 65: \$760,722

## **CASE #2**

If you started at CRMC today at age 45, making \$18 an hour, worked full-time and stayed until retirement at age 65:

### **Non-Contract Benefits**

Retirement savings plan

(Total Employer Contributions): \$43,612

Total Projected Benefit Value at age 65: \$82,485

### **SEIU Member Benefits**

Total SEIU Pension Plan Contributions: \$37,446

Projected SEIU Pension Benefit Value at 65: \$169,865

## **CASE #3**

If you started at CRMC today at age 25, making \$25.00 an hour, worked full-time and stayed until retirement at age 65:

### **Non-Contract Benefits**

Retirement savings plan

(Total Employer Contributions): \$154,445

Total Projected Benefit Value at 65: \$666,692

### **SEIU Member Benefits**

Total SEIU Pension Plan Contributions: \$105,079

Projected SEIU Pension Benefit Value at 65: \$760,722

## **CASE #4**

If you started at CRMC today at age 45, making \$25 an hour, worked full-time and stayed until retirement at age 65:

### **Non-Contract Benefits**

Retirement savings plan

(Total Employer Contributions): \$60,573

Total Projected Benefit Value at age 65: \$121,356

### **SEIU Member Benefits**

Total SEIU Pension Plan Contributions: \$37,446

Projected SEIU Pension Benefit Value at 65: \$169,865

### **Assumptions:**

- 1) 2% salary increase each year
- 2) 5% employer contribution for non-contract savings plans
- 4) 7% annual interest on retirement savings plan balances; note: understanding that investment returns vary from year to year and are sometimes negative
- 5) SEIU Pension benefit unit is \$31 per year of service in 2019, increasing 3% each year; note: this plan does not pay lump sums but they are shown for comparative purposes

## **IF I WANT TO GET INFORMATION ABOUT THE DISABILITY BENEFITS, PRE-RETIREMENT DEATH BENEFITS OR WANT ANY OTHER ADDITIONAL INFORMATION ABOUT THE PLAN HOW DO I GET IT?**

---

You can access a full copy of the SEIU Pension Plan Summary Plan Description on our Union website at:

[http://www.seiuhealthcaremn.org/  
member-resources/pension-fund/](http://www.seiuhealthcaremn.org/member-resources/pension-fund/)

Other questions about the Pension Plan can be directed to SEIU Healthcare Minnesota President Jamie Gulley:

[jamie.gulley@seiuhcmn.org](mailto:jamie.gulley@seiuhcmn.org) or 651-261-7348





Minnesota

***SEIU*** Healthcare®

United for Quality Care

**651-294-8100 / 800-828-0206**

**MAC@SEIUHCMN.ORG**

**SEIUHCMN.ORG**