Recently, Providence administration notified Oregon Nurses Association (ONA) at all but one of our ONA Providence facilities that it intends to make some minor changes to the retirement plan. We reviewed Providence’s proposed changes and recommend that each nurse do so too. The full document can be reviewed on the ONA/Providence Portland Medical Center (PPMC) bargaining unit webpage at www.OregonRN.org/81 under News and Updates – Providence Retirement Plan Changes. We also consulted with ONA’s legal counsel and have requested an analysis of the proposed changes from a benefits expert. We expect a professional opinion by the end of the month and will be sharing it with nurses directly.

In the meantime, below are some of the changes that we have identified. While overall these changes seem relatively minor, ONA has still sent a demand to bargain letter to Providence. This is important to protect our right to negotiate over changes in the terms and conditions of nurses’ employment at Providence.

Providence is obligated by our contracts to maintain a retirement plan, but minor amendments that do not decrease the benefits are permitted. We do still have a legal right to bargain over any changes.

Following is a summary of the proposed changes and Providence’s explanation of the effect of these changes. Please remember that ONA does not provide investment or tax advice and this summary should not be relied on to make decisions about your own retirement accounts.

**WHAT’S BEING PROPOSED**

Converting the Existing 401(a) and 403(b) to a 401(k).

A 401(k) plan was historically not offered at PPMC because these plans were not allowed in tax-exempt organizations. Those tax rules have since changed. 401(k) options already exist for some facilities in the Providence St. Joseph system, so by offering it everywhere nurses will be able to keep that plan if they transfer. Ultimately, Providence wants to standardize this throughout the organization. Providence is proposing that both the 401(a) Service Plan and 403(b) Value Plan rollover into a new 401(k) Savings Plan beginning Jan. 1, 2020. That means that all 401(a) current balances and future contributions would fully migrate to the 401(k) plan.

**WHAT’S NOT BEING PROPOSED**

It is significant to note what is not changing under their proposal:

- **NO** change to the formula
- **NO** change to the timing
- **NO** change to the employer match contribution amounts
- **NO** change to frozen core plan

Continued on page 2
THE PROS AND CONS

There are three ways in which the proposal may be beneficial to nurses:

1. Some nurses will prefer this 401(k) option. If nurses have 401(k) plans from prior employers, it will be easier to combine plans and therefore track and plan for retirement.

2. It comes with a faster five-year vesting schedule. This enables nurses to be entitled to the Providence portion of contributions sooner than on the old plan.

3. Providence’s proposal also includes a new option to use Collective Investment Trusts (CITs). CITs fees tend to be lower. The drawbacks of the proposal that we have identified thus far are as follows:

   • 401(k) plan does NOT include lifetime service-related catch-up contributions for caregivers with 15+ years of service, however 401(k) does provide age-related catch-up contributions for all caregivers age 50 or older. For example, PPMC has only two nurses who are participating in this service related catch-up. The current service related catch-up is subject to company matching, while the funds can be placed into 457(b), but there is no matching in this account.

   • Beginning Jan. 1, 2020, a year of match level service will require 1,000 hours. For example, PPMC has 36 nurses who will be impacted by this change from 800 hours to 1,000 hours and 17 of those 36 worked more than 900 hours in 2018. Also, note that there is no loss of employer match dollars or level – if they don’t work 1,000 hours in a year, they may not increase to the next/maximum match level as quickly, but nothing is taken away.

FAQs

**Question:** What are CITs?

**Answer:** CIT stands for “collective investment trust.” CITs are not available to regular “retail” investors, but only to qualified institutional investors. This contributes to their lower fees. However, these are investment funds that are specific to the holding company (Fidelity) and are typically not transferable if the employee leaves and wishes to roll-over the account. The funds need to be liquidated and then re-purchased into funds in the new retirement account.

**Question:** How will this affect retirees? Will they need to maintain a Fidelity account in retirement?

**Answer:** If a retiring nurse prefers to move their money out of the PH&S program at Fidelity, and if the nurse is holding one or more of the CITs, the nurse will need to liquidate that portion of the balance and re-invest the dollars. However, that may be necessary for other funds in addition to the CITs, depending on the funds and share classes that the receiving plan is able to offer. Not all plans will include our same funds at the same share class.

Nurses are always welcome to leave their assets in the Providence retirement plans at Fidelity after they retire or otherwise separate from service. The addition of CITs to the fund lineup does not cause a retiree to need to liquidate his or her investments. Nurses may continue to take advantage of the CITs and other institutional investments offered in the program throughout retirement, taking the IRS-required minimum distributions when necessary, and designating a beneficiary to receive the funds upon death. We would encourage any caregiver considering withdrawing their assets at retirement to double-check how the destination plan or IRA’s funds and fees compare with those of PH&S before rolling funds out.

**Question:** Will there be a listing that clearly shows which funds are CITs and which are standard, publicly traded funds (with ticker symbols)? Ticker symbols are
often how an individual searches the fund performance. How will this research be facilitated going forward?

**Answer:** Yes. The list was provided at the end of August with the announcement regarding CITs for the 401(a) plan. Providence said that it will be repeated with the November announcement about the 401(k). Nurses will be able to find and research all of the investment options available in the plan, including the CITs, in the same manner they do today on NetBenefits. There will be no change in this experience. The performance and overview of the CIT investment options will appear alongside the mutual fund options.

**Question:** Can I convert my Roth IRA to the Providence 401(k)?

**Answer:** Yes. There is a Roth in-plan conversion to the 401(k) plan that will give nurses the option to reduce future income taxes. Contact Fidelity at 1-800-343-0860 for more information.

**Question:** What if I have individual questions about my retirement?

**Answer:** Contact a Fidelity Retirement Planner at: 866-630-9722. Fidelity Retirement Planners are available to you at no additional cost. They can help with asset allocation, retirement planning, and other questions about plans including budgeting, student loan debt, and overall debt management.

Stay tuned, we will provide more updates when we get information back from the benefits firm and when our ONA bargaining unit chairs convene to discuss bargaining.

### Confused About How Seniority Is Calculated?

**You Are Not Alone.**

*By: Sabra Bederka, RN, ONA/PPMC Bargaining Unit Chair.*

At PPMC, seniority is based on hours, not years of service.

Seniority hours do not follow you if you transfer between Providence facilities.

Retirement calculation and paid time off (PTO) accrual rates are not affected by a facility transfer – these are years of service and follow you throughout your uninterrupted career with Providence.

PTO/vacation bid seniority is based on total hours at PPMC – super seniority is not factored in.

Most nursing jobs, including shifts and patterns, are awarded based on hours of service. For job or shift bidding, hours of seniority count, and in some cases are affected by a super seniority calculation. Pattern schedule bidding is based on straight hours of seniority, super seniority is not included.

If you are a new hire, you transfer between units, or you take a position on a new shift on your same unit, you are effectively locked out for bidding into a new job or shift for six months – this is your probationary/exclusionary period. In certain circumstances if you have not passed your six-month anniversary date, and there are no other applicants for a position, you may apply and be awarded a position that otherwise would not be available to you.

For nurses that transfer to a new unit, they are prohibited from transferring to another shift or unit during their six-month probationary/exclusionary period. At the end of these six months, and beyond, the nurse becomes eligible to bid into a new shift/job using the seniority they have accrued while employed.
Confused About How Seniority Is Calculated? (continued from page 3)

at PPMC. Super seniority is also considered for in-unit job/shift bidding. Super seniority is effectively a doubling of the hours that you have worked in the specific unit. Super seniority comes into the calculation after the nurse has worked on a unit for at least one year – all hours worked while employed on the unit are added to the total hours worked in the hospital. See table to the right for an example of seniority calculation.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Hours included for job/shift bidding purposes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nurse 1: New hire, less than six months</td>
<td>Has no seniority available yet</td>
</tr>
<tr>
<td>Nurse 2: New hire, over six months but less than one year</td>
<td>All hours worked at the hospital</td>
</tr>
<tr>
<td>Nurse 3: Transfer to unit, over six months but less than one year on unit</td>
<td>Only hours worked at the hospital, no super seniority yet</td>
</tr>
<tr>
<td>Nurse 4: Transfer to unit, worked greater than one year on unit</td>
<td>All hours worked at the hospital, plus the addition of the hours worked in the unit for super seniority</td>
</tr>
<tr>
<td>Nurse 5: Experienced nurse, always worked on the same unit, over one year</td>
<td>Doubling of all hours worked – effectively super seniority for entire time at hospital</td>
</tr>
</tbody>
</table>

We wish everyone a happy holidays and a safe, healthy happy new year! As we look ahead, we know there will be challenges in the new year, but with every challenge, there is an opportunity. We are excited to use these opportunities to strengthen our organization and advance the field of nursing.

With your help, we will make sure the voice of nursing is heard and we will all stand together to ensure Oregon is a great place for nurses to practice. We look forward to working with you in 2020 to continue building stronger, healthier communities together.

HAPPY HOLIDAYS FROM ONA