

**North Brevard County Hospital District (dba Parrish Medical Center)
Parrish Medical Center Pension Plan and Trust (The Plan)
Frequently Asked Questions
Updated May 15, 2024**



Q. When was the Parrish Medical Center (PMC) Pension Plan and Trust first established?

A. The Pension Plan was established February 15, 1972.

Q. When did the Parrish Medical Center (PMC) Pension Plan freeze?

A. The PMC Pension Plan was frozen as of September 30, 2016.

Q. Why did PMC decide to freeze the plan in 2016?

A. Pension accounting changes [reference: Governmental Accounting Standards Board (GASB-68)] increased the volatility of the Pension Plan expenses for FY 2017 to levels that PMC could not sustain. Many options were evaluated. With the help of Berkeley Research Group (BRG), advice from actuarial experts, and discussions with the Pension Committee, the recommendations were as follows:

- 1. Freeze the existing Pension Plan effective September 30, 2016.** All participants received notification by December 21, 2016. [Note: the PMC Pension Plan description document is available on iCare in the Human Resources Benefits Section].
- 2. Implement a new retirement savings plan (defined contribution 403(b) retirement plan)** that includes an employer discretionary matching contribution of up to three percent (3%). MetLife manages our 403(b) plan. A MetLife financial advisor is available (at no cost) to employees to assist with financial planning and/or retirement planning needs. [Note: the PMC 403(b) Plan description document is available on iCare in the Human Resources Benefits Section].

Q. What is an actuarial expert?

A. Actuarial experts (actuaries) have a deep understanding of mathematics, statistics and business management. Actuaries are often used to predict the potential financial cost of an event as well as for planning insurance premiums, calculating pension plans, and managing financial assets and liabilities.

Q. What happened when the PMC Pension Plan was frozen?

A. Employees stopped earning any additional retirement dollars associated with the Pension Plan. The employee's earned value was, in effect, frozen-in-time, as of September 30, 2016.

Q. When was the Pension Plan terminated?

A. The termination effective date was September 30, 2023.

Q. Are companies allowed to terminate Pension Plans?

A. Yes. According to the IRS, “Employers are not required by law to provide retirement plans for employees and may terminate a plan if certain requirements are met...” For example, the Pension Plan is required to have enough money to pay all benefits owed to eligible employees (“plan participants”). In PMC’s case, the Pension has more than enough money to pay all benefits owed to eligible employees. [Source: irs.gov/retirement-plans/retirement-plans-faqs-regarding-plan-terminations].

Q. What process must an employer follow to terminate a Pension Plan?

A. It depends on the Plan’s structure. For PMC, the process is outlined within the Plan description document, Article IX, “Amendment and Termination.” PMC engaged the support of Attorney Rick Burke with GrayRobinson and USI Consulting Group (USICG) to facilitate with Foster & Foster (Plan Actuary), the termination process in accordance with all governing regulations, rules, and laws.

Q. Why terminate the already frozen Pension Plan?

A. It wasn’t practical to retain the financial liability but more importantly, after receiving control of their money, employees would benefit more from the ability to invest and grow their available Pension funds. Terminating the plan:

- Resulted in no cost to employees;
- Paid 100% of benefits owed to employees;
- Provided greater control over, and access to, their retirement funds;
- Provided access to professional financial advisors – at no cost;
- And, in accordance with the Plan any remaining funds, after paying 100% of what was owed to employees, goes back to the employer (PMC) to be reinvested to support the fulfillment of our mission. Such investments as Pay for Performance increases and, when warranted, other market adjustments.

Q. How is the Lump Sum calculated?

A. The PMC Pension Plan uses the actuarial firm of Foster & Foster (foster-foster.com) to calculate and provide to each employee a statement of earned Pension value in accordance with the Plan document. As the actuary, Foster & Foster assures all governing laws, rules and regulations are followed. The calculations vary from person to person and are based on:

- Employee age (as of June 1, 2024)
- Employee age actuarial factor (as provided by Foster & Foster)
- Earnings (highest 5 years of annual salary, before the plan froze on 9/30/2016)
- Continuous years of service (as of 9/30/2016)

For Illustration Purposes Only.

Example of the Actuarial Calculation as outlined in the Plan:

FROM THE PLAN DOCUMENT:

(1 ¾%) 1.75% of Average Monthly Earnings (on the first \$1,000 in earnings) times Continuous Service, plus 1.50% of Average Monthly Earnings greater than \$1,000 times Continuous Service

Mrs. Smith is 55 years of age (as of June 1, 2024).

Her highest 5 years of annual salary, before the plan froze on 9/30/2016, was \$324,768.

This amount is divided by 60 (total months in 5 years) to give Mrs. Smith an average monthly salary of \$5,413.

Her accrued benefit as of September 30, 2016 was determined as follows:

- A. 1.75% times \$1,000 equals \$17.50
- B. 1.50% times \$4,413 equals \$66.20
- C. Part A plus part B equals \$83.70
- D. \$83.70 times 12.1667 years of service equals **\$1,018**

To get Mrs. Smith's lump sum, her accrued benefit amount of **\$ 1,018** was multiplied by her age factor for a 55-year-old of **4.3845 x 12 (months) = lump sum of \$ 53,561.052.**

- Q. Were any exceptions to Pension calculations made for employees with extenuating circumstances?**
- A. No. Everyone was treated equally and fairly in accordance with governing rules, regulations, and laws. [Note: the PMC Pension Plan description document is available on iCare in the Human Resources Benefits Section].
- Q. Were educational sessions made available to employees to answer their questions?**
- A. Yes. Every person affected by the Pension termination was given the opportunity to meet personally with an actuary expert from Foster & Foster to review their statements and ask questions about the calculations. Additionally, PMC made available, free of charge, several area financial advisors to meet personally with employees to support them in making the best possible decisions about their money for themselves and their families. For added convenience on-site sessions with Financial Advisors were arranged as well. Information was emailed to Plan participants and is also available on iCare within the Human Resources Benefits section.
- Q. What happens if a Plan is overfunded?**
- A. If any amount remains after all accrued benefits under the Plan have been satisfied, such residual assets revert to the Employer. Please refer to the Plan description document (page 17) available on iCare in the Human Resources Benefits section.
- Q. Why were Plan participants offered a Lump Sum and not an Annuity option?**
- A. The Lump Sum provided for the most straight-forward and equitable manner to distribute the funds and gives Plan participants control to self-direct where to invest their money based on their individual preferences, needs or circumstances.

Q. What is the normal retirement date provision within the Plan?

A. The normal retirement age as outline in the Plan is age 65; or 30 years of continuous service regardless of age; or age 60 with 25 years of continuous service. However, for the purpose of Plan termination, your years of continuous service are determined as of the Plan termination date (September 30, 2023) because the Plan will no longer be in existence.

Q. Was the deadline to submit the lump sum election forms extended?

A. Yes. The deadline to submit lump sum election forms was extended from May 14, 2024 to June 30, 2024 during the May 6, 2024 PMC Board of Directors meeting. A memo announcing the extension was emailed to all PMC Employees on May 7, 2024. And, Plan participants will receive a communication from USI Consulting Group (USICG) who is managing the Plan termination process on behalf of PMC.

Q. Will the extension mean my lump sum calculation will change?

A. No. The extension will not result in any changes to lump sum calculations provided within the Pension Plan termination Election Package dated April 15, 2024.

Q. If I submitted my forms by the original deadline of May 14, 2024, will I still receive my lump sum payments in June?

A. Yes. Everyone who submits their forms (in good order) by May 14, 2024, will still receive their lump sum in June 2024, as outlined within the Pension Plan Termination Election Package dated April 15, 2024. Note: if forms are received incomplete, USICG will notify you that your paperwork needs to be corrected and returned no later than June 30, 2024.

Q. If I submit my election form by June 30, when can I expect my lump sum payment?

A. If the election forms are received (in good order), by June 30, 2024, you can expect your lump sum payment late August or early September 2024. If the forms need to be returned to you for corrections, it will delay the payment. Please contact the ***Parrish Medical Pension Service Center*** by phone at their toll-free number **(866) 305-8846, Plan Code 718 from 8am – 5pm (EST)** with any questions.

Q. How was the termination communicated to employees?

A. To assure all communication regarding the termination complied with all governing rules, regulations and laws, PMC engaged the help of USICG to manage the plan termination process including the communications. Once USICG was onboard, an internal memo was issued to employees announcing the termination of the Plan. This was followed up with a series of communications mailed to Plan participants homes from USICG.

Q. Does PMC offer an employer matching contribution to the current 403(b) retirement savings plan?

A. Yes. In fact, since introducing the 403(b) plan, PMC has invested more than \$5 million in employer matching contributions; approximately one million dollars annually.

Q. Is PMC required to make an employer matching contribution to the 403 (b) plan?

A. No. The matching contribution is discretionary not mandatory. In other words, PMC (the Employer) has the flexibility to decide whether to make such contributions for any plan year, how much, and when. While PMC has customarily made decisions about contributions during the first quarter of the year, a time-certain is not prescribed within the plan. In April 2024, we communicated with 403(b) plan participants that a decision about the matching contribution will be announced later in the fiscal year to give us time to make the best possible decision for everyone with the intent to maximize the match. [Reminder, a copy of the 403(b) Plan document and description is available on iCare within the Human Resources Benefits Section].

Q. Who do I contact if I have more questions?

A. If you have questions about the pension plan, please contact the *Parrish Medical Pension Service Center* by phone at their toll-free number **(866) 305-8846, Plan Code 718 from 8am – 5pm (EST)** with any questions. For general questions about PMC’s retirement savings program or other benefits, contact Human Resources, Benefits Coordinator, at extension 7747 or extension 7750. More information also is available on iCare in the Human Resources section.

Added as of May 15, 2024

Q. How much was in PMC’s Pension Plan?

A. PMC’s Pension Plan included \$63,316,587 in assets.

Q. How many employees were in the Pension Plan?

A. There were 617 total eligible beneficiaries in the Plan. Of the 617 eligible beneficiaries, 128 were in active retirement status, and the remaining 489 included a combination of active employees and past-employees (termed-vested).

Q. What happens to the employees already retired and receiving their Pension payments?

A. Of the 128 active retirees, 110 transitioned to a new payor of their retirement benefits, while 18 decided to receive lump sum payment.

Q. What happens to the 489 active or termed-vested Plan beneficiaries?

A. They will receive lump sum payouts of which they can elect to receive in cash or to rollover into an IRA or other investment account of their choice.

The PMC Pension Administrative Committee meetings are open to the public, and the meeting notices are published in the Florida Today newspaper as well as on the website www.parrishhealthcare.com. The Committee includes community and employee representatives.