

Q&As Related to February 24, 2012, Letter from Ron Rak to Saint Peter's Retirement Plan Participants

1. **The letter says that the pension plan has never been, and is not currently, an ERISA Plan. What is ERISA and what kind of plan is the pension plan?**

"ERISA" stands for the Employee Retirement Income Security Act of 1974. It is a federal pension law that applies to private sector pension plans and, absent a special election, which Saint Peter's has never made, does not apply to a pension plan sponsored by an organization with ties to a religion.

The pension plan is, and always has been, what is known as a "Church Plan." IRS rules define a Church Plan as a plan established and maintained for its employees (or their beneficiaries) by a church or a convention or association of churches, including such a plan established and maintained by a church-controlled or association-controlled organization (e.g., a hospital with religious affiliation with a church).

2. **Who else has Church Plan status?**

Numerous prestigious organizations, including hospitals and universities affiliated with churches or conventions or associations of churches, sponsor Church Plans.

3. **The letter says that the pension plan has never been subject to PBGC insurance guarantees. Does this mean that I have no protection for my pension benefit?**

It is true that the pension plan has never been subject to PBGC insurance. It is also true, however, that Saint Peter's has funded the plan over the years at a rate substantially greater than that required for a Church Plan. In fact, for 2012, we have planned for and committed to funding \$14 million to the plan. These contributions are being made on a weekly basis throughout the year.

Many of you may have the belief that PBGC insurance means that you definitely are protected for 100% of your pension benefit. This is not true. Even if Saint Peter's were to become an ERISA plan tomorrow, something that we do not intend to do, the PBGC guarantee would be phased in over a five-year period, 20% each year. Further, the PBGC continues to run substantial deficits of its own, calling into question its own long-term solvency.

The best "protection" that one can have is for all employees to work as part of the Saint Peter's team, helping to make us an even better, more profitable hospital.

4. **I heard that management can steal my pension money. What is Saint Peter's doing to prevent this?**

Let's be clear about this – management cannot steal your pension money. Your pension money is held in a trust and management takes its responsibilities for ensuring the integrity of such trust very seriously. If someone tells you or writes or blogs otherwise, treat the claim as what it is: wholly inaccurate.

5. **Can you tell me anything more about Saint Peter's plan for the future regarding the pension plan?**

We will, once we have finalized the details of the plan. Rest assured, however, that we are committed to doing everything in our power to preserve your retirement benefits and help you accumulate more retirement income in the future. We have crafted and are about to finalize a pension plan that recognizes the desires of the most senior of our employees and provides the youngest of our employees the opportunity to appropriately plan for their future financial needs.

6. **I heard that Saint Peter's has applied to the IRS for a ruling that the pension plan is a Church Plan. Can you provide any more details?**

Saint Peter's has asked the IRS to confirm what has always been the case: the plan's status as a Church Plan.

7. **Do other religious hospitals maintain their pension plans as Church Plans?**

As noted in the letter, we are not aware of any faith-based hospital in our State that currently funds an ERISA-governed pension plan.