

Lourdes, Lake, and St. Francis pension plan participant frequently asked questions



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dreams together

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A. Defined benefit pension change

What pension plan changes are occurring in 2021?

Effective January 1, 2021, the Lourdes, Lake, and St. Francis defined benefit pension plan will be frozen and all FMOLHS team members will transition to a new enhanced 403(b) defined contribution retirement plan.

I'm a current participant in a pension plan. What will happen to my benefit?

The defined benefit formula will freeze on December 31, 2020. There is no future benefit accrual in this plan beyond December 31, 2020, as participants will be eligible for the employer core and match contributions in the enhanced the FMOLHS 403(b) plan on January 1, 2021.

Why is FMOLHS making this change?

Many factors were considered when making this decision to transition to one plan across all of our regions. One major consideration was the changing demographic of our workforce. Less than 15% of our existing workforce across the health system are pension plan participants, the remaining majority participate in separate defined contribution retirement plans. Introducing a unified retirement program ensures that we are offering consistent and competitive retirement benefits to all our team members. Our new plan also allows us to contribute more as an organization to more team members while ensuring the long-term sustainability and viability as a ministry.

Is FMOLHS making this change for financial reasons?

We understand and appreciate the implications of a decision of this nature and the impact it has on team members participating in the pension plan. The decision to transition to a single retirement plan across ministries was made with great discernment and after exhaustive analysis, feedback, and discussion. This change allows us to better manage the rising costs of our retirement programs at a more predictable rate and to sustain our ministry for the future. Increased life expectancy, coupled with historically low interest rates, significantly increase our pension costs and continuing this benefit was not sustainable.

Who is affected by the retirement program change?

All Lourdes, Lake, and St. Francis team members who are participants in a pension plan as well as those who have been eligible to participate in the 401(a) will be eligible for the enhanced benefits of the FMOLHS 403(b) plan on January 1, 2021. This is a change for our Mississippi-based ministries, as we will be transitioning to one plan across our entire organization.

B. What this means to you

What financial impact will I see from the change?

The financial impact will vary by individual based on many factors, including: which plans you participate in today, how close you are to retirement, the level of benefits you've already earned under the plans, how much you contribute to your 403(b) plan, as well as many other factors.

Will this change affect my Social Security benefit?

No. Your Social Security benefit is a function of your contributions into Social Security over the course of your career. This change will have no impact on any benefit you are entitled to under Social Security.

Does this change affect any other benefits, such as medical insurance?

No, the change to the retirement benefits doesn't affect other benefits.

Will the health system maintain the pension plan after the freeze takes effect?

Yes, we intend to maintain the pension plan following the freeze. However, there will be no further benefit accrual after January 1, 2021.

When will I receive an actual pension benefit statement?

FMOLHS will provide you with a final pension benefit statement no later than March 31, 2021, so you will be aware of your pension benefit amount as of December 31, 2020. Any information provided to you prior to 2021 is subject to change based on final 2020 information and earnings.

How is my current pension benefit calculated?

Your pension benefit is based on several factors and varies depending on your hire date and which pension plan you participate in. If you have further benefit calculation questions, please send your question to askHR at askHR@FMOLHS.org or call **833-482-7547**.

What happens to my pension if I leave FMOLHS before I reach retirement age?

You have a vested right to your pension benefit and are entitled to it regardless of whether you remain employed with FMOLHS or not. You may contact askHR at **833-482-7547** when you are ready to retire and start drawing your earned pension benefit.

What happens to my pension benefit if I leave FMOLHS before the freeze takes effect on January 1, 2021?

If you leave before January 1, 2021, your pension benefit will reflect your credited service as of the date you leave FMOLHS. The pay used in your pension calculation will be in accordance with the pension plan document.

I have an EIT balance. How will that be affected by this change?

Any pension plan participant who has a grandfathered EIT balance will receive one additional year of service for their final pension benefit calculation, not to exceed 35 years of service. This does not apply to legacy EIT balances that can be used for FMLA qualifying events.

C. Enhanced FMOLHS 403(b) defined contribution retirement plan

Can you tell me about my new retirement benefits?

We currently have a 403(b) plan that is administered by Lincoln Financial Group (Lincoln). You are eligible to participate in this plan and we encourage you to do so. You can contribute to the plan with pretax and Roth (after-tax) contributions up to the IRS maximum employee contribution limit. Beginning January 1, 2021, we are enhancing the FMOLHS 403(b) plan by adding the following features:

- **Employer core contribution** - 2% of pay, regardless of whether you contribute or not
- **Employer match** - 50% matching contribution for each dollar you contribute up to the first 6% (3% maximum match)
- **Vesting** - 100% vested in employer contributions after three years of service

To be eligible for the core and match contributions, you must work at least 1,000 hours in the calendar year and be actively employed on the last day of the calendar year. If you contribute 6%, meet the eligibility conditions for hours and active employment in the calendar year, you will receive up to a 5% contribution from FMOLHS.

Current pension plan participants will also receive an additional employer contribution equal to 4% of pay to your 403(b) account each year for up to five years. You must remain actively employed as of the last day of each calendar year and work at least 1,000 hours in each calendar year to be eligible for this additional contribution.

Will my past years of service count in the new 403(b) retirement plan?

If you have worked at least 1,000 hours in a calendar year for three years between January 1, 2009, and January 1, 2021, you will be vested in the 403(b) plan. However, if you terminated employment during that time and were gone for five or more years without having completed three calendar years of 1,000 hours prior to your original termination date, you won't be fully vested.

Can you provide an example of how the match and core contributions work?

For our example, we will assume our team member, Sarah, earned \$40,000 next year, worked more than 1,000 hours in the 2021 calendar year, and was actively employed on the last day of the calendar year.

Below are two contribution examples. In scenario one, Sarah contributes 4% of pay to her 403(b) account, and in scenario two, she contributes 8% of pay.

	Scenario	One	Two
	Annual pay	\$40,000	\$40,000
Sarah's contribution	Percent of pay contribution	4%	8%
	Contribution amount in dollars	\$1,600	\$3,200
FMOLHS contribution	2% FMOLHS core contribution	\$800	\$800
	FMOLHS matching contribution (50% for each dollar up to 6% of pay Sarah contributed)	\$800	\$1,200
Sarah + FMOLHS	Total annual contribution	\$3,200	\$5,200

What factors went into designing the new retirement plan?

Our objective was to design a plan that helps both current and future team members plan for retirement while ensuring financial stability for the future of our organization, so we can continue to serve our communities. We believe that planning and saving for your retirement is a shared responsibility. We want to make sure that our current and future team members have a consistent and competitive retirement program that will help them attain the retirement they envision.

Why are we changing to a 403(b) plan and not aligning to the 401(a) plan or pension plan?

We regularly review the benefits we offer to keep them competitive and ensure they continue to align with the needs of both our team members and our ministry. During a recent analysis, it became clear that many employers (including our competitors and other healthcare organizations across the country) are transitioning to 403(b) defined contribution plans. The trends show that 403(b) plans are the plan of choice for organizations that wish to provide retirement benefits and offer team members greater opportunities to manage their own retirement funds. This transition to an enhanced defined contribution plan will allow us to better manage our future financial obligations and ensure that we maintain our market competitiveness.

When will the employer contributions be credited to my 403(b) account each year?

Once the calendar year has concluded, FMOLHS will work with Lincoln to calculate the core and matching contribution amounts and credit those amounts to your account as soon as administratively possible. That will happen within the first quarter of the next year.

D. Your contributions to the FMOLHS 403(b) plan

Will my current FMOLHS 403(b) contribution rate transfer to the new FMOLHS 403(b) plan?

If you are currently participating in the 403(b) plan, your contribution rate will remain unchanged for now. However, depending on your contribution rate, you may be impacted if you contribute less than 4% of your pay to the current 403(b) plan.

Will I automatically be enrolled in the new 403(b) plan?

If you currently contribute 4% or more of your pay to the 403(b) plan, then you won't have any changes made to your contribution rate. However, if you contribute less than 4% of your pay, you will be auto-enrolled at 4% of your pay. You may opt-out of this automatic enrollment event during a 30-day period from January 4, 2021, through February 3, 2021. If you take no action during this 30-day period, the health system will increase your contribution rate to 4% and will auto-escalate your contribution percentage by 1% each year until you reach 10%. You may opt-out of the auto-enroll and auto-increase by going to LincolnFinancial.com/FMOLHS, select **Register**, and follow the instructions located below. You may also call the Lincoln Customer Contact Center, at **877-562-4738**, for assistance.

If I'm already participating in the 403(b) plan, will my contribution rate change?

If you are contributing less than 4% of your pay, you will be included in the automatic enrollment process described above. During the opt-out period of January 4, 2021, through February 3, 2021, you may elect your preferred contribution rate at LincolnFinancial.com/FMOLHS or contact Lincoln at **877-562-4738**.

What if I don't want to contribute to the 403(b) plan?

Starting January 4, 2021, and going through February 3, 2021, you will have 30 days to opt-out. You may opt-out of auto-enroll by logging into your account with Lincoln and selecting a 0% deferral rate, or by calling the Lincoln Customer Contact Center at **877-562-4738**.

How can I update my contributions in the 403(b) plan?

If you are currently participating in the 403(b), you may log into your account on the Lincoln app or website at LincolnFinancial.com/FMOLHS to update your contribution rate.

How do I enroll in the new 403(b) plan?

You are currently eligible to participate in the FMOLHS 403(b) plan. You may enroll at any time in the plan by contacting Lincoln. You can also register at LincolnFinancial.com/FMOLHS, select **Register**, and follow the prompts. After registering you will be immediately taken to the easy enrollment site. **Next:**

- Select the amount you'd like to contribute
- Make an investment election
- Name your beneficiaries. Select **My Beneficiaries** under My Preferences. It's important to keep them up to date.
- Sign up for eDelivery

Are there other ways that I can contribute?

Once you have contributed the maximum allowable by the IRS to the 403(b) plan, you may contribute to the FMOLHS 457(b) plan. As FMOLHS will not match contributions made to the 457(b) plan, please consider carefully when and how much you contribute to the 457(b) plan.

E. Get help

Where can I get more information?

Go to [TeamLink site](#) or LincolnFinancial.com/FMOLHS to view a recorded webinar with more information about the defined benefit plan changes and FMOLHS 403(b) plan enhancements.

Who do I contact if I have pension related questions?

If you're unable to find the answer to your pension related question in this document or [TeamLink site](#), you can contact askHR at askHR@FMOLHS.org, or call **833-482-7547**.

Who do I contact if I have FMOLHS 403(b) retirement plan questions?

You may contact one of our dedicated retirement consultants who will be able to assist you. You have the opportunity to either schedule a personal appointment with them by going to LincolnFinancial.com/FMOLHSSchedule or by calling or emailing them directly.

- **Ryan Jones: 225-305-8539** or Ryan.Jones@LFG.com
- **Jayme Schwartzburg: 225-363-8767** or Jayme.Schwartzburg@LFG.com