FAQ Pension Related

Q.: Will resigning from MNA affect my pension?

A. If you resign your full membership in MNA you do not give up your pension and you still continue to accrue benefits.

Q. MNA rep is advising nurses to take out a “hardship” loan from retirement funds. Is that a good idea?

A. Some reasons to think about before doing this. For example, if you take a 403b loan, then you’re going to be prohibited from participating in your plan until all of the money is repaid. If your employer matches your contributions, then you’re missing out on that benefit. And if you eventually decide you cannot repay the loan then you’re going to owe income tax and pay a 10% early withdrawal penalty.

In addition, if you decide to leave your employer before the loan is repaid, then you may be required to immediately repay the entire loan or be faced with tax penalties. Consult an accountant before doing anything involving your retirement account.

Q. Any ideas to share about the pension cuts?

A. please keep two things in mind — (1) the hospital contribution to the pension fund is a separate agreement from the current 14-hospital contract and (2) the pension is provided by and under the direction of MNA, not the hospitals (which only contribute the funding). The contribution level will not affect accrued pension benefits to-date for any nurse and it will not automatically reduce benefits going forward. This is a knotty problem to be sure but it is a nation-wide issue that affects all employees and all employers. Defined-benefit plans are being converted to defined-contribution plans rapidly. That would be one option for MNA to consider in restructuring its pension plan — again, this would affect only FUTURE calculations and not accrued value.

Q. Do the hospitals want to take away the pension I already earned?

A. No, the hospitals are not trying to decrease pensions already earned and/or being paid out. The MNA pension plan is unit credit defined benefit plan. What that means is that for each year of service, a credit is earned. A year of service is usually given for 1,000 hours of service, but the MNA plan is more generous and uses a lower figure (in the 800's) to account for those RNs that work .4. This credit is calculated on a formula based on pay for that year. The credit that results from the formula is in the form of a monthly amount to be paid at normal retirement age (65 in this case). The total monthly amount paid at retirement is simply the sum of all credits earned. After 5 years of service, a nurse is "vested" in her accrued benefit and it cannot be taken away. What the hospitals are proposing is a decrease in the formula which would only affect pension credits earned
from 1/1/2011 and forward. It's not easy to say that a nurse just starting out would get a lower benefit since the formula from many years ago was less and older nurses have some of their credits based on those lower formulas too. The MNA wants the future accrual formula to be increased to produce higher annual credits and they also would like the benefits amounts being paid to already retired nurses to be increased as well.