



Date: November 20, 2009
To: Participating State Hospital Executives
From: Betsy Ryan
Subject: SHAEF Results Summary for NJHA Survey on Retirement Benefits

We appreciate your response to our survey on retirement benefits conducted in July. Being able to reach out to our sister associations has been helpful in understanding factors as they relate to our unique marketplace. To thank you for your participation, we are pleased to provide you with a summary of the findings, as well as a synopsis of NJHA's retirement plan including changes implemented this year. Please note individual responses are reflected on the attached spreadsheets.

Key trends and design points are highlighted below. If you have any questions, please contact Belinda Cooper, vice president human resources for assistance at bcooper@njha.com or 609.275.4001.

Key Observations:

NJHA sent surveys out to 51 hospital associations with a total of 28 responding organizations, a 55% response rate.

Responses Relating to Having Defined Benefit (DB) Plans:

- Only four associations had DB plans that are still active (CT, MI, NE,ND) with one reporting they are actively considering a plan freeze. All four of these associations also offer DC plans in conjunction with their DB plans.

Responses Relating to Having Defined Contribution (DC) Plans:

- Twenty-seven of the twenty-eight respondents have active defined contribution plans.
- The average of the **Total Employer Contributions** reported is:
 - **8.8%** of compensation for stand-alone DC plans (23 out of 27)
 - **8.1%** of compensation for all DC plans including those offered in conjunction with a DB plan (27 out of 27)
- The average of the **Employer Matching Contributions** reported is:
 - **3.68%** (11 plans out of 27)
- The average of the **Employer Fixed Contributions** reported is:

- **6.66%** (15 out of 27 plans)
- The average **Employer Discretionary Contributions** reported is:
 - **6.02%** (11 out of 27 plans)

Other Comments:

Three organizations (IL, IN, WA) reported a formula for their **Employer Fixed Contributions** that increased the employer contribution for wages earned in excess of the Social Security Taxable Wage Base (\$106,800 in 2009).

Similarly, two organizations (AZ, TN) reported a formula for their **Employer Discretionary Contribution** that increased the employer contribution for wages earned in excess of the Social Security Taxable Wage Base (\$106,800 in 2009).

NJHA Retirement Benefits:

NJHA currently has two employee benefit plans for retirement:

- **Defined Contribution: 401(k) Plan** – Voluntary plan with auto-enrollment feature with an employer match of 50% up to 5% salary deferred.
- **Defined Benefit: Cash Balance Plan (CBP)** – It is management’s intention to terminate the NJHA CBP as soon as the Plan is fully funded and it is feasible to do so and at that time offer a comparable employer-sponsored benefit through the 401(k). The existing CBP was frozen as of February 1, 2009; later in 2009, the CBP was modified and reduced retroactive to February 1, 2009 with pay-based credits using the following Age/Years of service schedule.

Age at End of Plan Year		Years of Participation at End of Plan Year	Percentage of Compensation Credited
34 or younger	And	0-4	3.75%
35-44	Or	5-9	4.50
45-54	Or	10-14	6.00
55 or older	Or	15 or greater	7.50