CRONA

Representing Nurses at Stanford & Packard Hospitals

CRONA RESPONSE: Hospital Statement on Retirement Benefits, 3/21

The hospitals need to take a serious look at what it will take to recruit and retain the skilled Nurses needed to fill their new buildings — Nurses are key to the world-class care the hospitals pride themselves on delivering.

The hospitals have refused to make any proposal to improve Nurses' retirement savings plan. The hospitals attempt to defend that position in their recent mailing by arguing that our current retirement benefits provide a "secure, comfortable retirement." But here is what the hospitals aren't saying:

The hospitals make no mention of the difference between our retiree medical benefits and those at UCSF. They don't dispute that UCSF's medical retiree benefits are vastly superior. The expected value of UCSF's retiree medical benefits for a "model Nurse" who started working at age 30 in 2014, retires at age 61, and lives to age 85 is more than **1,000%** of what Stanford and Packard offer. A Nurse retiring from Stanford or Packard in Group D receives retiree medical benefits as a lump sum. Many of our competitors pay a certain portion of Nurses' annual premium for the rest of their lives. That's why when you compare our benefits to other hospitals', you see huge discrepancies in lifetime value. With the small increases the hospitals propose, Nurses would receive between $6,400 and $39,360 when they retire. Investment advisors like Fidelity say an average couple will need $280,000 in today's dollars for medical expenses in retirement. So Nurses who retire from Stanford or Packard must plan to potentially use hundreds of thousands of dollars of their own hard-earned retirement savings to pay for medical care. The hospitals don't say why they are rejecting CRONA's proposal to cover a portion of retirees' medical costs if retirees use the hospitals' own Stanford Health Care Alliance network, which would provide the security Nurses deserve.

The hospitals' retirement plan numbers are based on aggressive assumptions about the future growth of the stock market and the amounts Nurses would withdraw each year from their accounts in retirement.

CRONA assumed more cautious returns on investments, understanding that the economy can be volatile, and Nurses should not have to roll the dice with aggressive investment plans. This table shows three predictions for the model Nurse, which show how much the forecasted rates of returns affect the analysis.

UCSF and SHC/LPCH Models	Projected Annual Income in Retirement (rounded)	Percentage by which Projected UCSF Benefit Is Higher
UCSF (defined benefit)	$151,000	
SHC/LPCH Model 1: CRONA (Conservative)	$52,000	191%
SHC/LPCH Model 2: CRONA (Moderate)	$75,000	100%
SHC/LPCH Model 3: Hospitals	$113,000	34%

- Model 1 assumes 5% annual return on investment before retirement; Nurse withdrawals of 4% of initial retirement balance each year of retirement; does not include investment income post-retirement.
- Model 2 assumes 5% annual return on investment before retirement and 3.35% return post-retirement; Nurse withdrawals of 5.9% of initial retirement balance each year of retirement.
- Model 3 assumes 6.8% annual return on investment before retirement and 5% return post-retirement; Nurse withdrawals of 6.9% of initial retirement balance each year of retirement.
- Projected Annual Income is shown in present value, which means it has been adjusted for anticipated inflation.

CRONA and the hospitals disagree as to what a reasonable prediction of investment returns would be. But no matter how we estimate returns, there is no question that the hospitals ***cannot guarantee*** that a Nurse who takes advantage of their matching "would have a total balance" of more than $3 million at age 61. That would be an irresponsible promise. The hospitals' estimates are based on their consultant's predictions and are only as good as those predictions.

And that's the point. The difference between our retirement and UCSF's is certainty and security. Under the Stanford and Packard plans, whether a Nurse will have enough for retirement depends on the market. The risk is borne solely by the Nurse. We've seen how investments can lose value when the economy goes south. So the hospitals' claim that their offer rewards Nurses with a "secure" retirement is a hollow promise.

The hospitals' analysis also shows that they aren't serious about trying to retain Nurses.

The hospitals seem to think the current rate of Nurse turnover is acceptable. According to information the hospitals provided to CRONA, Nurses who leave the hospitals leave after around 6 or 7 years on average, not the 9 years the hospitals quote as being the national average. It's better for our patients when Nurses stay longer.

CRONA is concerned that the hospitals are not acting responsibly. How are the hospitals going to hire enough skilled Nurses to fill the new hospitals and solve the chronic understaffing we experience every day? Business as usual is not cutting it. We need a comprehensive approach to wages and benefits, and a contract that ensures that all Nurses are supported and respected in the workplace.

#CRONAStrong

Contracts end on March 31

Our contracts end on March 31, 2019. The CRONA Negotiation Team will be at the bargaining table with the hospitals all next week. Be on the lookout for more updates and upcoming membership meetings.