

PENSION PLAN TERMINATION 2024

FREQUENTLY ASKED QUESTIONS

If I am a current employee of Holyoke Medical Center, do I need to retire from the Medical Center in order to start my pension?

No, you do not have to retire to choose any of the options available. HMC has recently amended the plan to allow you to continue to work your current hours while collecting your pension with either the lump sum option or monthly payments.

What are the tax consequences of the Cash Lump Sum Option?

If you take a cash lump sum distribution (as opposed to a lump-sum rollover), there will be mandatory Federal Taxes withheld at 20% and any applicable State Tax withholding (see attached State Tax Withholding Info Sheet). Note that if you are under the age of 59½, there will also be an additional 10% tax penalty applied on your tax return.

What are the benefits of doing a Lump Sum Rollover into a 403(b), 401(k) or IRA?

If you roll over your distribution, the amount would not be taxable now. Rather, it would be taxable when you withdraw the money from your 403(b), 401(k) or IRA. Rollovers also give you the ability to control how your money is invested within the 403(b), 401(k) or IRA.

PLEASE NOTE: The Lump Sum option is only available until September 27, 2024 and will not be offered in the future.

Why would I choose the option of a split cash distribution and a rollover distribution?

If you need only some of the cash now, you could split the distribution by taking some now as a taxable distribution and rolling over the rest. The portion rolled over would not be taxed until you receive it as income.

What if I don't have 403(b), 401(k) or IRA?

Current employees who are not enrolled in the HMC 403(b) plan can contact Mary Ellen Santiago at 413-534-2685 and she will meet with you and help you enroll. Account set up takes about 20 minutes.

Former employees, as well as current employees who wish to rollover their distribution to a plan/account other than the HMC 403(b) plan, can either contact their bank or financial advisor to set up an IRA or can reach out to Ryan Petti at Sentinel Benefits at 781-914-1431 and he can open an IRA for you.

What are the advantages of choosing a monthly annuity payment?

A monthly annuity payment will be paid to you for your lifetime or can be paid over the joint lifetimes of you and your spouse, if you are married. You may also choose an annuity that would be payable to you over a guaranteed minimum number of years.

Tax withholding on monthly payments are voluntary, not mandatory.

What is normal retirement age for the pension plan?

The plan's normal retirement age is 65. You can receive your full (i.e., unreduced) benefit at this age.

FREQUENTLY ASKED QUESTIONS (continued)

At what age can I start my monthly pension payments?

You can start your pension at any age, but the earlier you start it the greater the reduction in the amount.

If you start your monthly pension after age 55, the amount is reduced by 7% for each of the first 5 years by which your pension starts prior to age 65 and 4% for each of the next 5 years. For example, at age 60, your pension would be reduced by 35% (i.e., 7% times 5) and at age 55 your pension would be reduced by 55% (i.e., 7% times 5 plus 4% times 5).

You can start your monthly pension prior to age 55, however, the reduction is significantly greater than after age 55.

What are the differences between the monthly payment options?

Single Life Option: Payable to you for your lifetime and payments stop in the event of your death.

Years Certain Option: (5yr, 10yr, 15yr or 20yr) monthly payments to you for your lifetime, however should you pass away during one of these “yr options,” your beneficiary would continue with the payment for the remaining monthly payments left and then all payments would stop. For example, if you were to choose the 5 years certain and life annuity option, your benefit would be paid for your lifetime, however, if you were to die after, e.g., 2 years, the payments for the remaining 3 years would be paid to your beneficiary. Again, should you live past the “years certain,” the beneficiary would be removed and you would continue with the monthly payment until your death.

Joint and Survivor Option: Depending on the survivor percentage you choose, you would be paid a monthly amount for your lifetime and in the event of your death, your named beneficiary would continue with the chosen percentage of your payment until the event of their death and then all payments would stop. Should your beneficiary pre-decease you, then payments would stop in the event of your death.

For all current and former employees:

Ryan Petti from Sentinel Benefits has offered 1-on-1 phone call meetings for all current and former employees. You can set up appointments with him starting August 2, 2024 by going to this link: <https://go.oncehub.com/RyanPetti1>

If you have a Financial Advisor, it would be a good idea to meet with them and have them review your options and guide you to the right choice for you.

Holyoke Medical Center will be posting Pension Termination information on our website to offer the following:

- FAQ's
- Sample Paperwork Regarding Payment Options
- A Recording of an Overview of Pension Options