

# Investing in the Future: Retirement Services Provide Customer Support, Cost Savings

BY JUDY L. MARCHMAN

**When Dee Waldow joined Palo Pinto General Hospital in Mineral Wells in 2001 as its chief financial officer, she quickly realized that the hospital could do better than its existing retirement plan and accompanying exorbitant fees. But that wasn't the biggest problem, as she learned. The plan itself was entirely wrong for the hospital's status as a hospital district and had to be changed according to IRS regulations.**

"It was a big mess," Waldow said.

Waldow turned to the Texas Hospital Association's Fred Hamilton for assistance in finding and setting up a new plan. Hamilton, who oversees the management and administration of the THA Retirement Plan, had helped the hospital initially by pointing out the incorrect plan. After researching other investment companies' plans, Waldow chose to go with the THA plan, formally joining it in 2002. Her choice came down to the best fee structure.

"The THA Retirement Plan had the lowest fees of all plans," Waldow said. "The fees charged by other companies were much higher, and higher fees diminish the earnings for our employees."

## Cost Savings

According to Waldow, in joining the THA Retirement Plan, PPGH has realized about a 50 percent reduction in costs compared to what it would have been paying in another retirement plan.

"It has saved the hospital a significant amount of money over the years," she said.

The lower fee structure stems from the greater investment marketplace power that the THA Retirement Plan offers its participants. The THA Retirement Plan is one of largest trade association-managed plans in the United States, with more than 17,000 employee participants, and is available only to employees of THA-member facilities. A board of successor trustees, consisting of participating hospital executives, oversees the management of the plan's programs.

Waldow praised the work of the THA Retirement Plan board members.

"Their investment strategies are very good, and they meet quarterly to review those strategies," she said.

She also was pleased with the variety of funds available. Employees can take an aggressive, moderate or conservative approach, depending on their comfort level.

"Our employees are realizing more of their portfolio gains due to paying less in fees and having knowledgeable and excellent investors," Waldow said.

## Customer Service

A key partner in the THA Retirement Plan is Milliman Inc., an independent administrative firm chosen in 2006 to provide investment, administrative and technical support for THA's Participant-Directed Retirement Program, which allows hospitals or plan sponsors greater flexibility in choosing their investment options.

"We work with member hospitals from beginning to end to deliver the best retirement plan for their participants," said Doug Conkel, senior benefits consultant and principal at Milliman's Dallas office.

Milliman works with THA to implement lower-cost investments that THA has selected over the years along with the help of the program's registered investment advisor, Hewitt EnnisKnupp Inc.

"We have seen a .75 to 1 percent savings in fees annually, based on plan size. That adds up to real dollars over the year," Conkel said.

Currently, 10 hospitals, including PPGH, are participating in the THA PDRP, with between 6,000 and 7,000 individual participants and assets of approximately \$145 million.

In addition to working with hospitals in developing their ideal retirement plans, Milliman also oversees the record-keeping, reporting and enrollment processes associated with participating hospitals' plans, a major benefit for busy hospital executives like Waldow.

"The plan almost takes care of itself," she said. "Between THA and Milliman, it's all taken care of. If we need a plan document changed, such as adding another feature, Milliman makes those changes for us."

Milliman also ensures the retirement plans remain in compliance and perform the administrative work associated with that service, such as sending out required participant notices, working with auditors and monitoring funds.

"This is nothing glamorous," said Conkel, "but no one really sees a direct benefit of staying in compliance until there's a problem. We want to provide hospitals with peace of mind from the top down."

Waldow has experienced that peace of mind firsthand.



“Because of the expertise Milliman has, I do not worry about compliance updates,” she said. “If there are any, Milliman sends us emails and letters letting us know what has changed and why it had to be changed.”

### Employee Education

When PPGH announced its switch to the THA Retirement Plan 11 years ago, there were, of course, a few employees who were upset at the change. On the whole, however, the hospital had a very good response from employees. Today, 162 PPGH employees (65 percent) participate in the plan.

“Our employees have really responded to the plan,” Waldow said. “Those who contribute at least 5 percent get a 5 percent match from the hospital. That is like an extra 5 percent of your salary every year.”

Education has been key in encouraging employees to join the plan and to take full advantage of their employer’s match. Milliman representatives visit the hospital every year to educate employees on investing and retirement planning. In addition, plan participants have access to Milliman’s PlanAhead™ suite of tools and services to help them better understand the investment options offered by their plan and to set financial goals for their retirement.

Milliman also offers THA-member hospitals a courtesy diagnostic analysis of their existing retirement plans to evaluate investment performance, current fee structures, plan design and so on to help them determine if any changes need to be made.

“Our review is unbiased. It’s one of the reasons THA chose us,” Conkel said. “We’re consultative and independent – we focus on what’s best for the plan sponsor and the plan participants.”

At PPGH, the plan undergoes an occasional review mainly to look at cost structures. Waldow couldn’t be more pleased with the plan’s continued performance and the service she receives from THA and Milliman.

“Both companies are just fabulous to work with and so responsive,” she said. “We couldn’t ask for anybody better to work with.” \*

## Texas Hospital Association Retirement Plan

The Texas Hospital Association Retirement Plan is designed to meet the retirement needs of hospitals and health care entities. Sponsored by THA, it is one of the largest trade association-managed programs in the United States, with more than 17,000 employee participants. A board of participating hospital executives oversees the management of the THA Retirement Plan and has appointed HealthSHARE as plan administrator. A management team of nationally known consultants and professionals supports the system and provides turnkey services for participants.

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## Milliman Inc.

Milliman is one of the largest independent providers of retirement programs in the United States. In 2006, its Dallas office collaborated with the Texas Hospital Association to develop the THA Participant-Directed Retirement Program. Milliman provides services for more than 4,000 retirement plans, representing in excess of 2 million participants. According to annual defined contribution plan studies by Boston Research Group, Milliman consistently ranks No. 1 in overall client satisfaction among service providers. Texas hospitals may receive a complimentary review of their retirement plan.



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