



# CASE STUDY

## Retirement Redesign

“Our Hospital’s transition from a traditional DB Plan to a matching 401(k) Plan went very smoothly. The guidance and expertise provided by Cowden Associates, Inc. were critical factors behind our success.”

- HOSPITAL, PRESIDENT/CEO

### Issue

A community hospital was facing rising pension costs while also experiencing lower reimbursements from Medicare. Cash flow projections indicated that contributions would continue to rise in the foreseeable future in the absence of greater than average investment returns. Fearing that the pension plan cost was going to be large and unpredictable in the long run, the hospital contemplated their options.

### Solution

Cowden consultants helped the hospital to assess all the possible alternatives that would relieve the financial stress of the organization and best serve the plan participants. A recommendation that was accepted by the hospital was to freeze the pension plan and to replace it with a competitive 401(k) plan.

Even though this solution would eventually end the hospital’s need to engage Cowden to provide actuarial services, it’s the principle of serving the best interest of their clients that motivates Cowden’s professionals.

Ultimately the hospital terminated the plan, thereby allowing active participants to receive lump sum distributions. The lump sums, along with 401(k) contributions from the hospital and the employee, help to provide a competitive current retirement package.

### Result

Cowden assisted in providing the following outcomes:

- The hospital received an analysis of the retirement resources and needs
- Participants were informed that accruals were to be frozen in the pension plan
- A new retirement vehicle was established
- A search and interview process was developed that helped select a new 401(k) vendor
- Plan termination filings were made that ultimately resulted in the prompt receipt of a determination letter for the pension plan
- Annuities were purchased for current retirees
- Transition activities were performed relative to the 401(k) plan



# COWDEN

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