

# An old worry returns for Steward's nurses and retirees: Can they count on their pensions?

The health of the retirement funds for thousands of people is tied to the fate of Steward's hospitals

By **Robert Weisman** Globe Staff, Updated May 26, 2024, 4:05 p.m.



Nurse Joan Ballantyne (left) and retired nurse Karen Kravitz are among the pension participants wondering what will happen to their pensions. BARRY CHIN/GLOBE STAFF

For thousands of nurses and other employees of Caritas Christi Health Care, the hospital system's 2010 sale to for-profit Steward Health Care seemed to answer a pressing question: Would their pensions, frozen by financially struggling Caritas, be there in their retirement?

Fourteen years later, the retirement plan is fully funded and pensions are paid regularly to about 11,000 beneficiaries in the state. But with Steward now mired in bankruptcy and its eight Eastern Massachusetts hospitals on the auction block, the old worries have returned.

"Bankruptcy could jeopardize all the work to shore up the [pension] plan," said Julie Pinkham, executive director of the Massachusetts Nurses Association and a trustee of the nurses' retirement plan. "Until we see how things fall out for the hospitals, we just don't know."

The future of the pensions — whether workers can count on them for the long haul — is bound up with the fate of hospitals that serve mostly low-income neighborhoods and communities from Dorchester and Haverhill to Brockton, Taunton, and Fall River.

Much is on the line for those who spent decades caring for patients. Retirees like Karen Kravitz, 72, who worked for 46 years as a nurse at St. Elizabeth's Hospital in Brighton under Caritas and Steward, depend on pension income to get by in high-cost Massachusetts.

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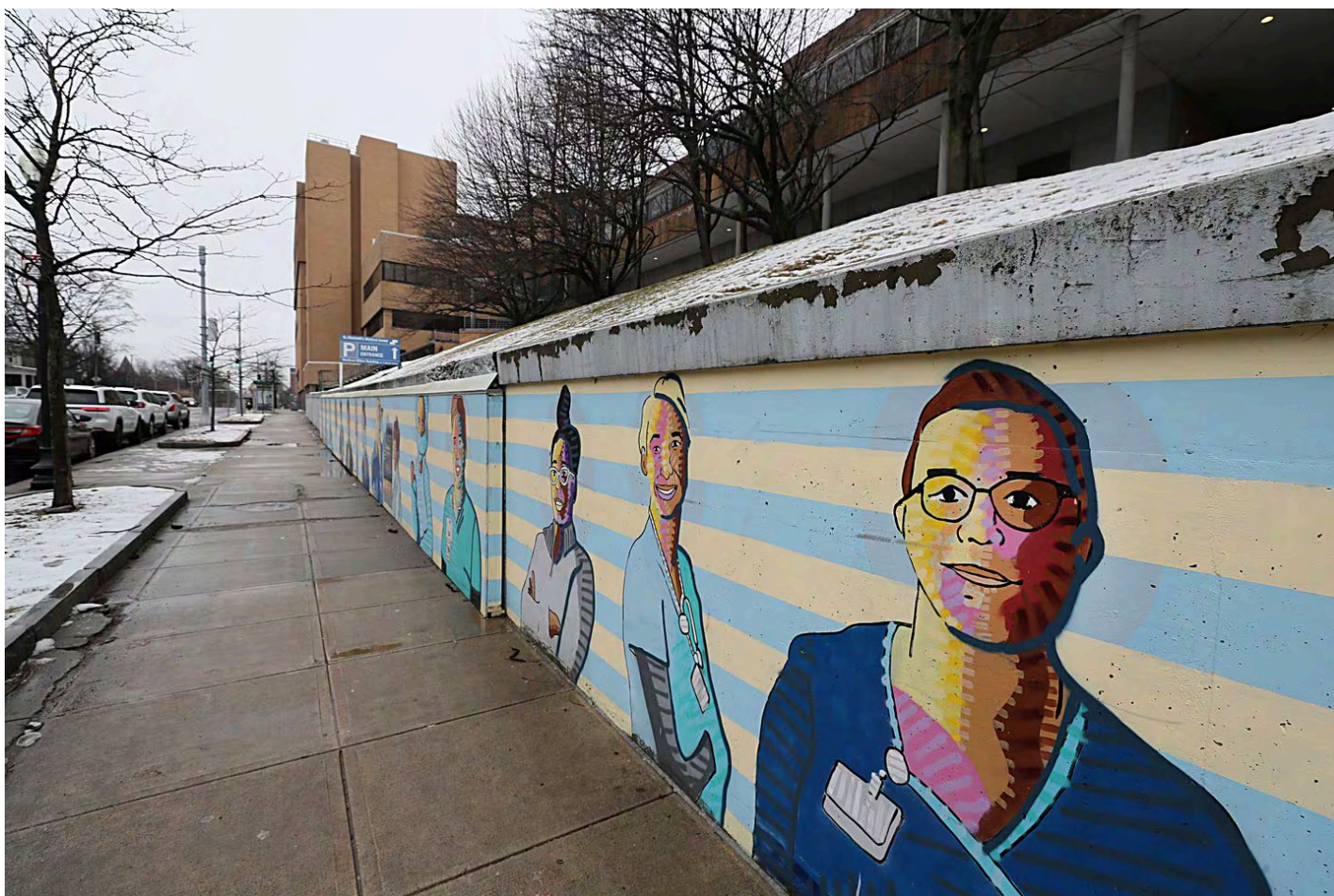
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“If I didn’t get my pension,” said Kravitz, who is still paying off a mortgage on her home in Stoughton, “I don’t know how I could live.”

The new pension jitters differ from those that prompted the Boston Archdiocese to sell its Catholic hospitals to Steward more than a decade ago. The pension plan was underfunded then and Steward, backed by a private equity firm, was the only potential buyer willing to assume the liability and put cash into the retirement plan. Today, the plan is independently managed, federally insured, and financially sound.

Steward, by contrast, owes about \$9 billion to its landlords, lenders, contractors, and service providers, according to a tally of debts the company presented at a May 7 bankruptcy hearing. The pension plan will need new hospital operators to assure its long-term viability.





A mural outside St. Elizabeth's Medical Center in Brighton. SUZANNE KREITER/GLOBE STAFF

For now, pension payments continue as before. At the hearing, Judge Christopher Lopez issued an order allowing Steward, which filed for bankruptcy May 6, to keep paying wages and benefits. That includes the company's contributions to the pensions of about 2,500 active nurses covered by labor contracts at the Steward hospitals.

Contracts between Dallas-based Steward and the nurses union contain so-called successorship clauses requiring any operators acquiring the hospitals to honor the contract terms, including pension obligations. But those protections won't hold if Steward can't find buyers.

Steward has agreed to sell its Massachusetts hospitals by the end of June. The company said it has received letters of interest, but no bidders have been disclosed. If new owners can't be found and some hospitals close, that would reduce revenue flowing into the pension fund, making it more vulnerable to the volatility of market investments.

“Without new owners, there’s no new contributions to the fund,” Pinkham said. “And that would be potentially devastating.”

A spokesperson for Steward declined to discuss the pensions’ future but said that Steward is leaving the plan in good shape. “The current plan is fully funded and backed by the PBGC,” she said, referring to the federal agency that insures and protects retirement plans.

Pensions aren’t a top concern of the US Bankruptcy Court in Houston, where Steward’s lenders and creditors are haggling over who will get paid, and how much. But nurses who dedicated their careers to serving patients at Steward hospitals see the pensions as a matter of fairness, something earned on the job and in tough contract negotiations.

“We fought for the pensions, for all of us,” said Joan Ballantyne, 67, a long-time Norwood Hospital and St. Elizabeth’s nurse who is pondering retirement.



Retired nurse Karen Kravitz (left) and nurse Joan Ballantyne BARRY CHIN/GLOBE STAFF

The history of the pension plan mirrors that of the state's Catholic health care system. The original plan, called the Caritas Christi Retirement Plan, dates back decades, covering not only nurses but secretaries, kitchen staffers, maintenance workers, and even some doctors. Many worked in the Caritas hospitals, others at church-run nursing schools, nursing homes, and other facilities, some of which have closed.

By the time Caritas put its hospitals up for sale, the pension plan had been frozen, meaning Caritas had stopped making contributions. The plan was underfunded and uninsured; because of a religious exemption, the Catholic system didn't have to pay into the federal Pension Benefit Guaranty Corporation, which thus couldn't guarantee payments to beneficiaries if there wasn't enough money in the plan.

The solution was to convert to a so-called Taft-Hartley pension plan, an insured multi-employer plan covering workers from different companies. Under an agreement struck with the nurses union just before the sale to Steward, the hospitals agreed to put pension contributions for active nurses in an escrow account until the new plan was formed.





A sign for Norwood Hospital in Norwood, Mass. in June 2020 STEVEN SENNE/ASSOCIATED PRESS

Steward and the union ultimately opted to join an existing fund for workers represented by the Teamsters at funeral parlors and other industries in New York. On Dec. 15, 2015, they deposited pension and escrowed assets into what was renamed the Nurses and Local 813 IBT Retirement Plan. It pools funds from the legacy Caritas Christi plan with money set aside for active nurses and about 1,800 Teamsters.

By merging with established Taft-Hartley plans, unions seeking to pool their resources “have the advantage of not having to start from scratch and deal with all the administrative expenses,” said Gene Kalwarski, chief executive of Cheiron in McLean, Va., which provides actuarial services to private- and public-sector pension funds.

At the same time, Kalwarski said, multi-employer plans are prone to the same long-term trends as other pension plans. Many employers have stopped contributing to pensions, older industries that offered pensions are shrinking, and baby boomers are retiring. There are often more retirees collecting benefits than workers paying into the system.

Because Steward doesn't disclose its finances to regulators, there's no public record of when the company injected cash into the pension plan. At the end of 2014, four years after it promised to fund the Caritas plan, the pension liability was \$368 million, according to a 2015 state attorney general's report. But at the end of 2015, records provided by the nurses union show that Steward had transferred \$605.3 million into the new plan to fund the legacy Caritas Christi employee pensions.

The following year, Steward sold the land and buildings on which its Massachusetts hospitals sit to Medical Properties Trust, an Alabama-based real estate company, leaving the hospitals with multimillion-dollar lease payments. In March, it agreed to sell its national doctors network, Stewardship Health, to the Optum unit of UnitedHealth.

Steward has said it plans to exit the Massachusetts market, but its workers — and their hopes for a secure retirement — will remain.

With the asset sales clouding the future of Steward hospitals and complicating their sales, the nurses say buyers can still count on them and other employees to come to work and treat patients every day.

"We are the most valuable asset," said Pinkham.

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