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SEI Quick Poll: Healthcare Organizations Look To Integrate Investment Decisions With Overall Finances

Market Conditions and Credit Scrutiny Forcing Changes to Traditional Processes

OAKS, Pa., June 16 /PRNewswire-FirstCall/ -- An SEI (Nasdaq: SEIC) Quick Poll released today shows that increased scrutiny and subsequent changing expectations of credit agencies and other analysts have forced healthcare organizations to find more effective means of overall financial management. In particular, integrating investment management decisions with corporate finance strategies has received considerable attention as more than two-thirds (68 percent) of the poll participants said the organization is now expected to make asset allocation decisions around operating pools in conjunction with corporate finance decisions.

Credit ratings continue to influence investment management strategies as those that received downgrades in the past 12 months cited "multiple or large borrowing programs," "weak balance sheets" and "lack of liquidity in non-retirement investment portfolios" among the reasons. Nearly half (46 percent) of the healthcare organizations polled reported current credit ratings of "Baa" or worse.

"Ongoing volatility has highlighted the impact investment strategies have on finances and healthcare executives are looking for the best ways to manage this process moving forward," said Christopher La Marca, Healthcare Investment Director for SEI's Institutional Group. "To satisfy increased scrutiny, healthcare organizations need to demonstrate a clear understanding of and long-term strategy for controlling and managing this relationship."

The poll results suggest that additional changes to processes could soon start occurring. Almost a third (31 percent) of the respondents said the organization is now being expected to use credit and/or investment simulation tools to evaluate the effect of potential interest rate or investment changes on invested assets. Additionally, of respondents currently using an investment consultant, nearly half (48 percent) said they are concerned with the investment consultant model for investment management and are looking into other options. More than one-third (37 percent) said they want increased transparency in their investment management process.

Defined benefit plans are another area of concern as nearly two-thirds (61 percent) of those offering pensions said the plan is negatively impacting the organization's capital structure. As a result, nearly half of respondents (42 percent) have closed the plan to new entrants and approximately one-quarter (26 percent) have frozen future accruals.

The poll, conducted by SEI's Financial Management Research Panel, was completed by 40 U.S.-based healthcare organizations with total invested assets (pensions, endowments, and/or operating pools) ranging from $25 million to more than $1 billion. None of the participants were institutional clients of SEI.

A complete summary of the poll is available by emailing *seiresearch@seic.com*.

About SEI's Institutional Group

SEI's Institutional Group delivers integrated healthcare, retirement and nonprofit investment solutions to over 500 global institutional clients (of which 340 are U.S.-based) in six different countries. SEI enables clients to meet financial objectives, reduce business risk, and fulfill their due diligence requirements through implemented strategies for the management of defined benefit plans, defined contribution plans, endowments, foundations and other balance sheet assets. For more information, visit *http://www.seic.com/institutions*.

About SEI

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