

FUNdraising Good Times: Are you ready to retire?

Written by Mel and Pearl Shaw
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With an estimated ten percent of the workforce employed in the nonprofit sector, retirement benefits can be a factor that impacts individual employees as well as the nonprofits they work for. For example, do older employees delay retirement because they don't have enough money to fund their retirement? Does this impact the ability of a nonprofit to promote talent from within, or to attract new talent from outside the organization? Do younger and mid-career employees evaluate employment opportunities based on retirement benefits?

Earlier this year the TIAA-CREF Institute and Independent Sector issued a report on a joint study they conducted on retirement and the nonprofit sector, a topic of interest to both. The TIAA-CREF Institute helps advance the ways individuals and institutions plan for financial security and organizational effectiveness, and Independent Sector is a nonprofit, nonpartisan network of approximately 600 nonprofits, foundations and corporate philanthropy programs.

Key findings of the study included the following: 45% of nonprofit employees are not confident about their ability to retire from their employment; almost one-half of nonprofit employees are not satisfied with their ability to prepare financially for retirement; and more than 40% do not feel that they are accumulating sufficient financial resources to ensure their long-term financial security. Over three-quarters reported access to an employer-sponsored retirement plan or plans; almost one-third have access to a defined benefit pension plan, and more than two-thirds to a defined contribution plan, such as a 403(b) plan. While 76% are currently saving for retirement, less than 20% of these savers are extremely or very confident that they are saving the right amount.

What is hidden within these numbers is the difference – if there is one – between those who work for large nonprofits such as hospitals, colleges and universities, and those who work for small to mid-sized nonprofits. Could it be that these employees may find that they won't have enough to fund their retirement, and may in time have to depend on nonprofits for assistance?

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Related to this, here are a few more findings: one third of sector employees have received retirement planning advice within the past three years; two-thirds have not tried to determine how much money they will need to accumulate so that they can live comfortably in retirement; and among savers who are confident that they are saving the right amount, one-third have not attempted such a calculation.

These issues are by no means the sole concern of nonprofits. But, given that many nonprofits are mission-driven, it is important to consider how this sector can address issues that face their employees. This is something for board members to consider and discuss. For example, when reviewing and approving budgets, is there a discussion about employee benefits including retirement?

What actions can your nonprofit take to help employees prepare for retirement?

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Mel and Pearl Shaw are the authors of "[Prerequisites for Fundraising Success](#) ." They position nonprofits for fundraising success. Visit them at www.saadandshaw.com