



# Your YMCA and the Retirement Fund

## Why Participation Matters

*For 90 years the YMCA Retirement Fund has delivered on its mission to provide employees with the means to work toward a comfortable retirement while dedicating a career of service to the YMCA. Since the Fund began in 1922, account balances have never gone down, and not one annuity payment has been missed.*

### RETIREMENT BENEFITS DO MATTER

#### YMCA Employees

Receiving retirement benefits while dedicating a career of service to the YMCA makes employees feel extremely valued—which directly influences staff satisfaction and retention at all levels of the organization.

#### YMCAs

Ensuring staff are fairly compensated is a priority for the YMCA as an employer. The YMCA Retirement Fund is a significant component of total compensation.

#### The YMCA Movement

Recruiting and retaining talented staff is critical for YMCAs to deliver quality programs and services to their communities across America. YMCAs' participation in the Fund allows employees the choice to work for one or more YMCAs during their long-term career.

#### What CEOs Say...

*"The YMCA Retirement Fund is one of our biggest assets in recruiting staff."*

#### What YMCA Employees Say...

*"I really appreciate that my YMCA takes care of us with the YMCA Retirement Fund."*

#### What Other Non-Profits Say...

*"The Fund is the envy of other large national non-profits ...even when compared to similar organizations that have paid close attention to employee benefits—like Boy Scouts, Boys and Girls Clubs, etc."*

*—Irv Katz, CEO, Nat'l Human Services Assembly*

#### What the Media Says...

*"Thousands and thousands of YMCA staff work at the camps, child care centers, and fitness facilities at 2,617 YMCAs, and few of them will leave a Lexus in the parking lot. That said, after their careers, they can look forward to a head-turning pension."*

*—Plansponsor*

### MAKING STRATEGIC BENEFIT DECISIONS

Retirement benefits play a significant part in your YMCA's overall total compensation strategy. Consider total compensation for all of your staff, not just for leadership staff.

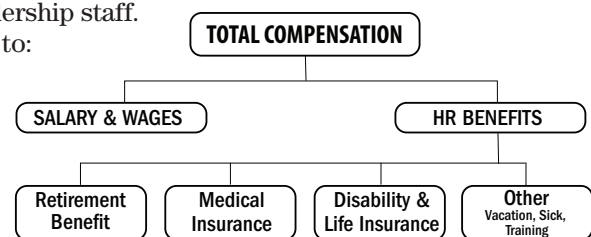
As your YMCA reviews this strategy, we encourage you to:

#### Make Comparisons to Peer YMCAs

Using the Fund's website, you can compare YMCAs of similar budget size, participant count and state. Go to [www.yretirement.org](http://www.yretirement.org) to see "How much are YMCAs contributing to the Fund?"

#### Make Comparisons to Municipal, National and Local Not-for-Profit Organizations in your Area

Compare your retirement benefits to those of local teachers, the Red Cross, the Girl Scouts, and other non profits that compete for staff.



For further guidance, please contact Vanessa Boulous, SVP—YMCA Relations or Laura Lombard, Senior Education and Training Specialist (800-738-9622, extension 2413)

## WHY THE 12% CONTRIBUTION RATE MATTERS

The Employee Benefit Research Institute's survey of Consumer Finances assesses that less than half of all families have a retirement plan through a current job. The YMCA Retirement Fund is a powerful benefit that serves as a bedrock for building retirement savings. The 12% contribution rate is encouraged, as 88% of Fund participants make less than \$50,000 a year in direct service positions such as aquatics, child care and program directors.

### Replacement Ratio: How Much to Save

An important measure of the strength of a pension is the replacement ratio, which is income in retirement expressed as a percentage of salary from the last year worked. Retirement planning experts suggest an individual should target a replacement ratio of 85%, because you need less gross income after retiring:

- Income taxes will likely go down
- FICA ends completely
- Saving for retirement is no longer needed

For a YMCA employee, a 12% contribution rate generally results in a replacement ratio of over 50%\*. As shown in the table, the employee could also expect 21% replacement ratio from Social Security, and an additional 11% from personal savings to reach their target of 85% to have enough money to live comfortably in retirement.

For an employee with an 8% contribution rate, they must have 29% of personal savings to reach their replacement ratio target. This savings goal can be very challenging to an employee with a lower salary base.

### SOURCES OF RETIREMENT INCOME

	YMCA's Contribution Rate				
	12%	11%	10%	9%	8%
YMCA Retirement Fund	53%	49%	44%	40%	35%
Social Security	21%	21%	21%	21%	21%
Personal Savings	11%	15%	20%	24%	29%
<b>Total Replacement Ratio</b>	<b>85%</b>	<b>85%</b>	<b>85%</b>	<b>85%</b>	<b>85%</b>

*\*Assumptions are for illustration purposes only: Starting salary of \$45K with an average annual salary increase of 3% over a 30-year YMCA career. Interest credited to participant account at 3% for the first 10 years, then 5% for the next ten years, then 7% for the final 10 years. Annuity would start at age 62.*

## YMCA OF THE USA MEMBERSHIP STANDARDS

The YMCA of the USA maintains standards for its member associations. Recognizing that dedicated employees are a YMCA's most precious resource, these standards are in place to protect staff and their best interests.

Among these standards is the requirement that YMCAs participate in the plans sponsored by the Retirement Fund or "in another program providing the same or similar benefits." These and other detailed rules are published in the *National Committee on Membership Standards Policies and Procedures Manual*, July 2009.

### Providing the Same or Similar Benefits

If you were to consider offering another plan, you would need to secure Fiduciary insurance for your YMCA's Board of Directors who provide oversight to the plan, and find a retirement program with these features:

- Eligibility for employees working 1,000 hours a year for two years
- Employer contributions ranging from 5-12%
- Opportunity for all employees to make voluntary, tax-deferred contributions
- Choice of lifetime annuity options at favorable conversion rates
- Death and disability benefits

### The YMCA's Responsibility

- Enrolling eligible employees
- Timely payments of contributions

### The Fund's Responsibility

- Administering the Plans
- Monitoring regulations (constantly changing DOL and IRS rules)
- Plan design & implementation
- Account Balance Maintenance
- Investment management
- Assuring access to competitive annuity options
- Paying annuities for the lifetime of the beneficiary without interruption

