

# ➔ Why Retirement Benefits Matter to YMCAs

Ensuring that staff are fairly compensated is a priority for the YMCA as an employer. According to our annual surveys, YMCA CEOs nearly unanimously agree—the Retirement Fund is an irreplaceable benefit that encourages retention.

Building 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.

## RECRUITMENT & RETENTION

### Retirement Benefit Critical to Recruitment and Retention in Non Profits

A recent survey by the Annie E. Casey Foundation shows that employees in the non-profit sector question their ability to earn enough money to save for a comfortable retirement. This poses a serious challenge for non-profit employers who hope to attract and retain top talent.

Retirement benefits are a very important component of total compensation to non-profit professionals, off-setting lower wages while supporting dedicated employees and their families into the future. The YMCA has been a leader in providing retirement benefits for almost 90 years. Virtually all YMCAs across the country participate in the Fund, allowing employees the opportunity to save for a comfortable and dignified retirement at the end of a career of service.

“The retirement benefit helps to recruit great employees and retain them, and also give security—long-term security—to the women and men who dedicate their lives of service to the YMCA. Without the Retirement Fund, employees might have to make tougher choices, and wouldn’t be able to stay with the YMCA as long and provide the continuity of service we really hope for in all our YMCAs.”  
—Sandy Berlin Walker, President and CEO, YMCA of Greater Cincinnati

### Will you be able to retire and not have to work?

I will not make enough money to retire comfortably	48%
I will not make enough money to support myself	37%
I will not make enough money to support a family	37%
I will not make enough money to own a home	35%
I will not make enough money to pay off debt	24%
I will not make enough money to pay off student debt	20%

Source: Next Generation Leaders Speak Out. A study produced by the Annie E. Casey Foundation

## A PLAN FOR EVERYONE

**The YMCA Retirement Fund is a Plan for Everyone** Of the Fund’s 51,000 participants, the average annual salary is \$28,000. Most work in front-line positions, delivering direct service to YMCA kids and families, teaching swimming, aerobics classes and a variety of other activities. They are critical to the success of a YMCA’s ability to serve its mission. The retirement benefit is essential to allow staff to do their meaningful work, knowing that they will have economic security at the end of their career.

There are also YMCA career professionals, serving in leadership roles, who tend to work at an average of four Y’s as they advance and move during a 30-year career. These individuals are able to dedicate a career to the Y while experiencing professional growth, increased responsibilities and compensation. Though this group tends to be in a higher compensation bracket at the end of their careers, it is important to note that most started in an entry level position earning approximately \$22,500 annually. The ability for the Y Movement to retain top leadership talent is (and has been) an essential component of the huge success YMCAs have experienced all over the country.

## YMCA MOVEMENT

**Serving only YMCAs** The Fund provides expert resources to help YMCA staff plan for retirement: highly skilled customer service representatives, educational seminars and information on how to choose an annuity, as well as personalized tools, such as the online retirement annuity calculator. Offering this broad-based support (with nothing to sell), demonstrates the profound uniqueness of the Fund.

**TOTAL  
COMPENSATION**

**A Strategic Approach to Determining YMCA's Total Compensation Strategy** As a leader in human services, the YMCA depends on the talent of its employees to deliver high-quality, life-changing experiences, programs and services. The importance of employee benefits—specifically health insurance and retirement—has risen in recent years.

When a Board of Directors asks itself, “What is the right balance in a total compensation package for employees at our YMCA?” they should consider all of the following: salary levels, holiday, vacation and sick time, health insurance and retirement contributions. Then, compare this to other non-profits, as well as to other YMCAs by using the YMCA National Benefits Comparison database, available on the Fund’s website, [www.yretirement.org](http://www.yretirement.org).

**STRENGTH OF A  
PENSION**

**Replacement Ratio is an Important Measure of Strength of a Pension** The replacement ratio is income in retirement expressed as a percentage of salary earned in the final year worked. Retirement planning experts suggest an individual should target a replacement ratio of 85%. Generally people need less gross income after retiring because:

- saving for retirement is no longer needed,
- income taxes typically decrease, and
- FICA ends if you are no longer working.

The table on the right shows the three sources of income for a typical YMCA retiree. If a YMCA contributes at the 12% rate to an employee’s retirement plan, after thirty years of service that employee can expect to replace 53% of their income from a YMCA Retirement Fund annuity. This is supplemented by 21% from Social Security and 11% from personal savings, thereby providing an 85% overall replacement ratio. However, if the YMCA contributes at the 8% level, there is a need for significantly more personal savings, which may be a burden on employees who earn modest incomes.

**Strength of a Pension**

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

*Starting professional director at \$45,000. Average annual salary increases of 3%, interest credited to participant accounts at 3% for first 10 years, then 5% for next 10 years, then 7% for the final 10 years.*

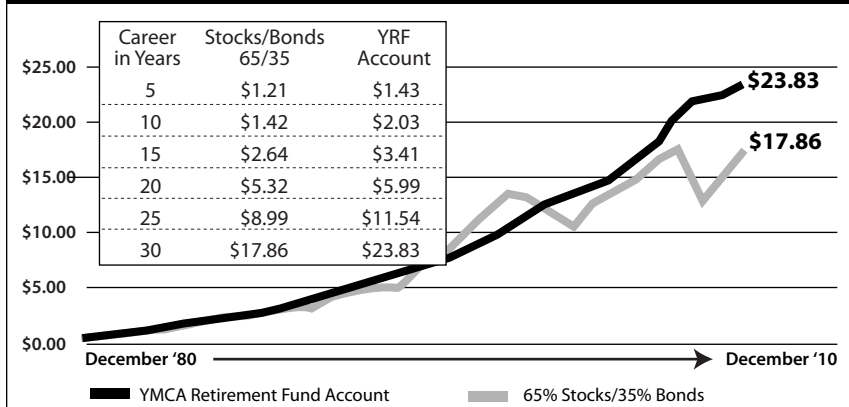
**LONG-TERM  
VALUE**

**The Fund Versus Stocks and Bonds**

Unlike short-term investors, the YMCA Retirement Fund has a long-term investment philosophy, along with a balanced portfolio. Since the Fund’s beginnings in 1923, participants account balances have never gone down. Participants’ savings and the compound interest earned are credited to a solid savings base.

Compare the value of one dollar saved by a participant in the YMCA Retirement Fund to one dollar invested in a balanced account allocated 65% to stocks and 35% to bonds. The steady growth of YMCA accounts reflects the protection from market volatility that has been provided by the Fund.

**The Growth of \$1 over a YMCA Career**



**FUND  
GOVERNANCE**

**Fund Governance** The Fund’s Management team is comprised of experts in investment management and benefits administration, with low expenses compared to similar organizations. The Fund has an independent Board of Trustees, which includes many investment professionals who volunteer to oversee the work of Management. Various independent external experts, such as New York State Insurance Department, a highly regarded independent auditor and professional actuary regularly review the Fund’s operations.

True to the seeds sown nearly 90 years ago, the Fund continues to fulfill its original objective to ensure the longevity of the YMCA Movement in America.