

Retirement Benefits Matter to Ys

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

Building retirement benefits while dedicating a career of service to the Y 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 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 Y has been a leader in providing retirement benefits for over 90 years. Virtually all Ys 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 YMCA Retirement Fund is the number one benefit we provide, and I believe it’s why we are able to recruit and retain great staff that help people. Thanks to the Fund, Ys across the country are able to ensure a financially sound retirement for people who dedicate their lives to serving others.”

—Journey Johnson, Retired President and CEO, YMCA of Middle Tennessee, Nashville, TN

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 56,000 active participants, 85% earn \$50K or less. Most work in front-line positions, delivering direct service to Y kids and families, teaching swimming, aerobics classes and a variety of other activities. They are critical to the success of a Y’s ability to serve its mission. The retirement benefit is essential to allow staff to do meaningful work, knowing that they will have economic security at the end of their career.

There are also Y 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 Ys have experienced all over the country.

YMCA MOVEMENT Serving Only Ys

The Fund provides expert resources to help Y 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 online retirement annuity calculators. Offering this broad-based support (with nothing to sell), demonstrates the profound uniqueness of the Fund.

TOTAL COMPENSATION

A Strategic Approach to Determining a Y's Total Compensation Strategy As a leader in human services, the Y 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 Y?” they should consider all of the following: salary levels, holiday, vacation and sick time, health insurance and retirement contributions.

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 Y retiree. If a Y 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.

The YMCA Retirement Fund recommends that employees save approximately 15% of their annual salary every year throughout their careers. The contribution rate matters because, at the 12% rate, an employee is close to reaching the recommended 15% minimum savings target. Those who have a lower contribution rate from their Y would have to dedicate a significant amount of additional voluntary savings in order to reach the 15% savings target, which may be challenging.

Strength of a Pension					
	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%
Total	85%	85%	85%	85%	85%

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.

THE FUND IS NOT A 401(k)

Compare the Fund to Other Pensions

The Fund's retirement program has features not offered by many employers today in the for-profit sector, the non-profit sector or the government. The checklist at the right shows some important advantages of the Fund's plan over a typical 401(k). Y employees are not burdened with the risks and responsibilities associated with choosing their investments. The Fund absorbs all investment and market volatility risk and it protects its participants' account balances. Thanks to its Church Plan status, the Fund can provide lifetime annuities directly to participants, ensuring that they will not outlive their assets. The Fund annuitizes account balances at an annuity conversion rate that is considerably higher than most financial marketplace offerings, which results in a significant effect on monthly payments.

Compare the Fund to a 401(k)		
	Fund	401(k)
Account Balances have Never Gone Down	✓	✗
Steady Growth of Retirement Savings	✓	✗
Higher Annuity Conversion Rate	✓	✗
Annuities that Last a Lifetime	✓	✗
Ancillary Benefits: Death & Disability	✓	✗
Low Expenses	✓	✗
Responsibility for Investment Decisions	✗	✓

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.