



Impact of Turnover on Non-Profits and their 403(b) Plans

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Introduction

PSCA's *Impact of Turnover on Non-Profits and their 403(b) Plans* reflects responses from 220 not-for-profit organizations that currently sponsor a 403(b) plan. Data in this survey is often categorized by plan size. Plan size is determined by the number of active participants in the organization's plan. Please note that the figures in the survey do not always add up to 100.0 percent due to rounding. Each section includes graphs that illustrate some of the data. A copy of the survey questions can be found on pages 10-11. Please direct questions or comments to research@psca.org or 312.419.1863.

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Demographic Information

Respondents include 220 non-profit organizations that currently sponsor a 403(b) plan. Respondents are diverse in size and type.

Table 1: Respondent Demographics by Organization Size and ERISA Status

Plan Size (# of Participants)	ERISA Status						All Plans	
	ERISA		Non-ERISA		Unsure		# of Plans	% of Plans
	# of Plans	% of Plans	# of Plans	% of Plans	# of Plans	% of Plans		
1-29	61	75.3%	8	9.9%	12	14.8%	81	36.8%
30-99	47	87.0%	4	7.4%	3	5.6%	54	24.5%
100-499	41	77.4%	10	18.9%	2	3.8%	53	24.1%
500+	15	46.9%	14	43.8%	3	9.4%	32	14.5%
All Plans	164	74.5%	36	16.4%	20	9.1%	220	99.9%

Respondents by Plan Size

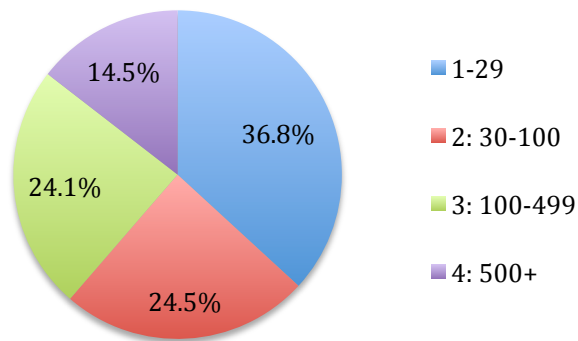


Table 2: Respondents by Industry Type and ERISA Status

Industry	All Plans	
	# of Plans	% of All Plans
Arts/Cultural and Library/Museum	14	6.4%
Association/Foundation	18	8.2%
Higher Education	32	14.5%
Hospitals and Other Health Care	18	8.2%
K-12 Education	43	19.5%
Other Education	21	9.5%
Religious Institution	6	2.7%
Research/Science/Environmental	17	7.7%
Social/Community Services	32	14.5%
Other	19	8.6%

Retiring Employees

Thirty percent of plans are expecting 10 to 15 percent of current employees to retire in the next five years, and thirty percent expect fewer than ten percent to retire. Approximately one-fourth of current employees are age 55 and older, and 11 percent are 62 years old or older.

Table 3: Percentage of Current Employees Planning to Retire in the Next Five Years

Percentage	Plan Size (# of Participants)				All Plans
	1-29	30-99	100-499	500+	
Less than 5%	20.0%	14.9%	19.0%	30.0%	19.6%
5-10%	12.0%	12.8%	7.1%	10.0%	10.9%
10-15%	20.0%	42.6%	33.3%	30.0%	29.9%
15-20%	22.7%	27.7%	31.0%	10.0%	24.5%
More than 20%	9.3%	2.1%	4.8%	20.0%	7.6%
None	16.0%	0.0%	4.8%	0.0%	7.6%

Table 4: Average Percentage of Current Employees that are 55 Years Old or Older

Percentage	Plan Size (# of Participants)				All Plans
	1-29	30-99	100-499	500+	
Average	24.8%	24.2%	21.0%	25.1%	23.8%

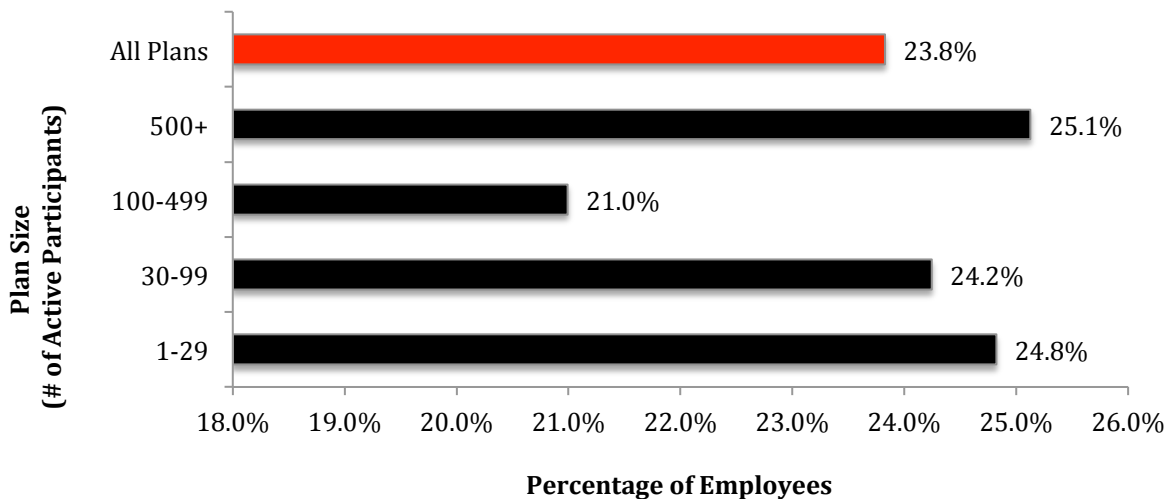
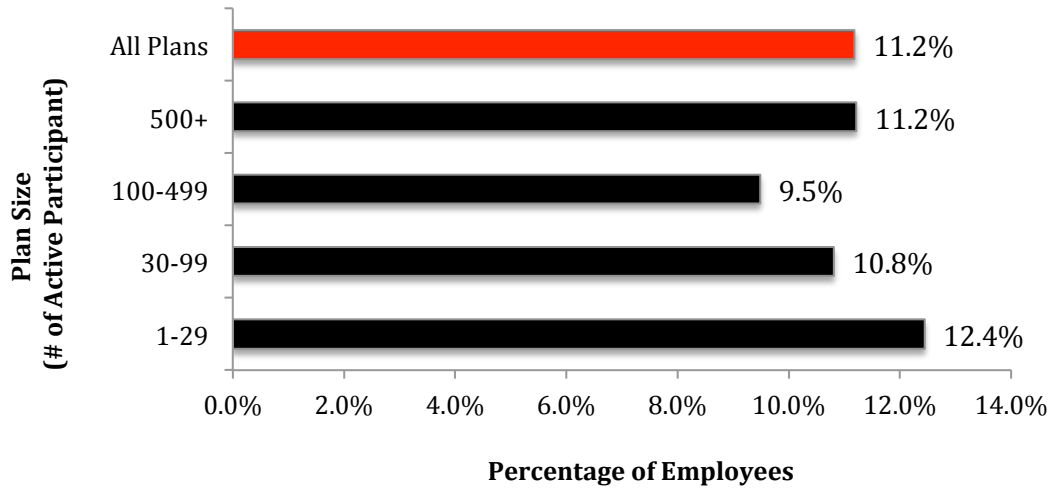


Table 5: Average Percentage of Current Employees that are 62 Years Old or Older

	Plan Size (# of Participants)				All Plans
	1-29	30-99	100-499	500+	
Average	12.4%	10.8%	9.5%	11.2%	11.2%



Impact of Retiring Employees on Organization

Two-thirds of organizations are expecting there to be some impact from the retirement of employees in the next five years. The most commonly anticipated challenge is an increased need for training, followed by a skills gap in the workforce, and the reallocation of responsibilities among remaining employees. Few plans expect to eliminate or reduce services provided. While twenty percent of organizations plan on increasing the number of part-time employees, the majority of organizations plan on replacing most or all of the employees expected to retire within the next five years.

Table 6: Impact the Retirement of Employees in the Next 5 Years will have on Organizations

Impact	Plan Size (# of Participants)				
	1-29	30-99	100-499	500+	All Plans
Increased Training Needs	37.5%	41.5%	41.5%	59.4%	42.7%
Skill Gaps in Workforce	32.5%	37.7%	39.6%	62.5%	39.9%
Recruiting Challenges	33.8%	37.7%	41.5%	40.6%	37.6%
Reallocation of Responsibilities Among Remaining Employees	35.0%	30.2%	39.6%	56.3%	38.1%
Potential Decline/Reduction in Service	13.8%	7.5%	15.1%	9.4%	11.9%
Implement Flexible Work Options	12.5%	11.3%	11.3%	18.8%	12.8%
More Part-time Employees	17.5%	22.6%	20.8%	15.6%	19.3%
Increased Use of Technology	27.5%	35.8%	35.8%	40.6%	33.5%
More Outsourcing	10.0%	11.3%	9.4%	6.3%	9.6%
Eliminate Some Services Being Provided	3.8%	7.5%	7.5%	6.3%	6.0%
Minimal Impact – We are Preparing	35.0%	41.5%	28.3%	28.1%	33.9%
None of the Above	10.0%	1.9%	5.7%	0.0%	5.5%
Other	2.5%	1.9%	3.8%	0.0%	2.3%

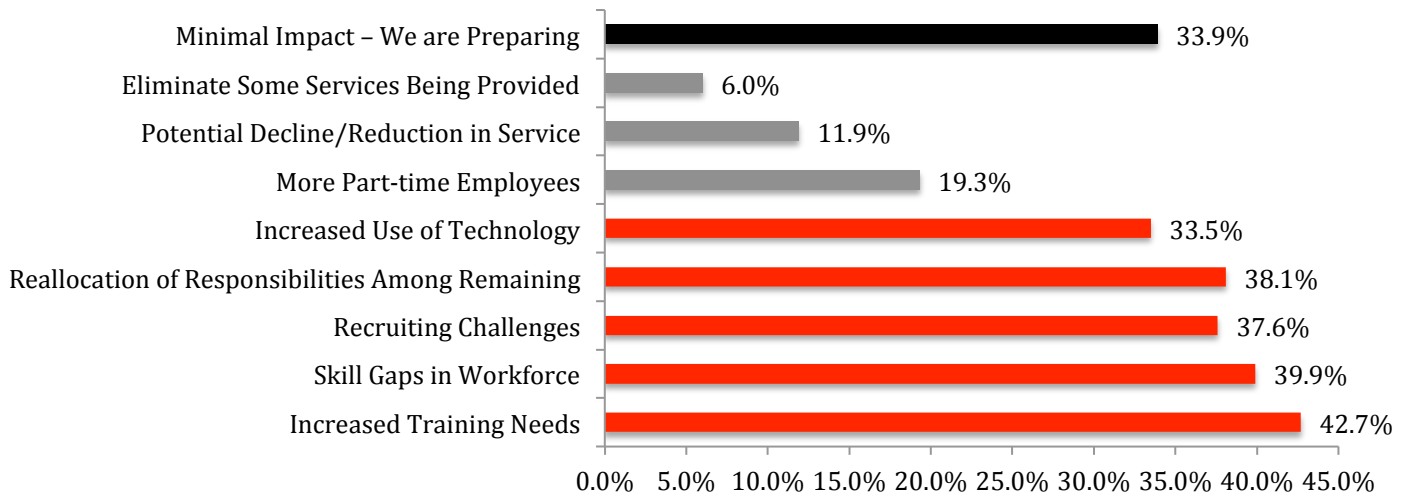
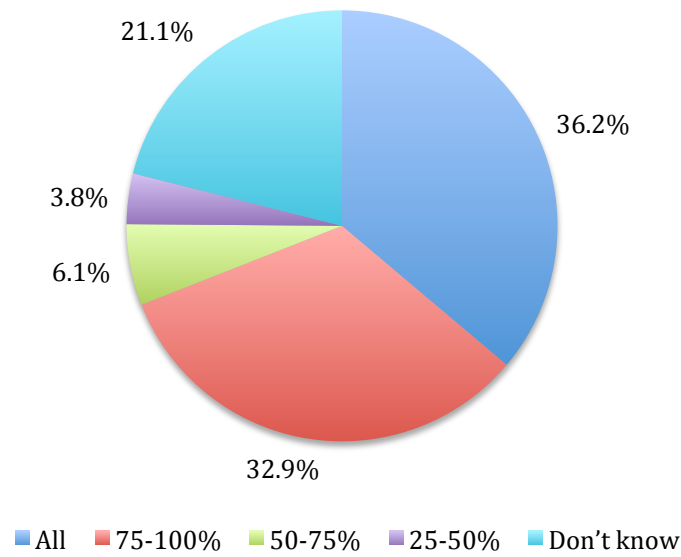


Table 7: Percentage of Retiring Employees that the Organization is Planning on Replacing

Percentage	Plan Size (# of Participants)				
	1-29	30-99	100-499	500+	All Plans
All	46.1%	38.9%	33.3%	12.5%	36.2%
75-100%	22.4%	35.2%	47.1%	31.3%	32.9%
50-75%	7.9%	5.6%	2.0%	9.4%	6.1%
25-50%	3.9%	3.7%	2.0%	6.3%	3.8%
Don't know	19.7%	16.7%	15.7%	40.6%	21.1%



Organization Action

- Organizations are taking a variety of steps to help employees plan for retirement. Two-thirds of organizations provide retirement planning education to employees, including nearly 90 percent of large organizations. Forty-five percent of organizations provide the education via an independent financial advisor, and sixty-eight percent of organizations provide it via a plan service provider representative.
- Half of large organizations provide a retiree health plan, but less than twenty percent of all organizations offer one.
- Few organizations currently track whether or not participants are on track for retirement (11.6 percent).
- Though most organizations provide retirement planning education to employees, more than 70 percent of organizations feel that providing a plan for employees is their only responsibility and retirement planning is the employees' responsibility.
- Health care reform has had little impact on retirement plans with only 2.3 percent of plans altering their 403(b) plan due to the impact of the ACA.

Table 8: Percentage of Organizations Providing Retirement Planning Education to Employees

	Plan Size (# of Participants)				
	1-29	30-99	100-499	500+	All Plans
Percentage	48.8%	70.4%	78.4%	87.5%	66.8%

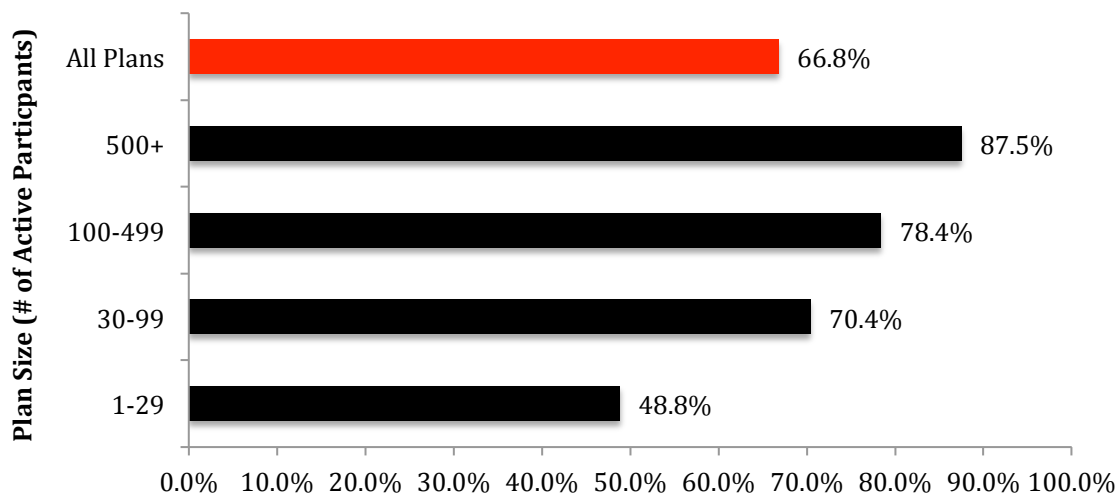


Table 9: Provider of Retirement Planning Education, When Offered

Percentage	Plan Size (# of Participants)				
	1-29	30-99	100-499	500+	All Plans
Plan Sponsor	12.8%	24.3%	17.9%	21.4%	18.9%
Independent Financial Advisor, Works with Individual Participants (Single Provider Plans)	23.1%	51.4%	35.9%	10.7%	31.5%
Independent Financial Advisor, For the Plan as a Whole (Multiple Provider Plans)	5.1%	8.1%	12.8%	35.7%	14.0%
Plan Provider Representative, works with Individual Participants (Single Provider Plans)	56.4%	29.7%	59.0%	25.0%	44.1%
Plan Provider Representative, For the Plan as a Whole (Multiple Provider Plans)	23.1%	10.8%	23.1%	42.9%	23.8%

Table 10: Percentage of Organizations Providing a Retiree Health Plan to Retired Employees

Availability	Plan Size (# of Participants)				
	1-29	30-99	100-499	500+	All Plans
Offer	6.5%	11.1%	18.9%	50.0%	17.1%
Offer, but Plan to Discontinue	0.0%	0.0%	3.8%	3.1%	1.4%
Offered In the past, but not Currently	1.3%	3.7%	9.4%	15.6%	6.0%
Not offered.	92.2%	85.2%	67.9%	31.3%	75.5%

Table 11: Percentage of Organizations Monitoring Whether Participants are on Track for Retirement

Percentage	Plan Size (# of Participants)				
	1-29	30-99	100-499	500+	All Plans
	7.7%	9.3%	13.2%	22.6%	11.6%

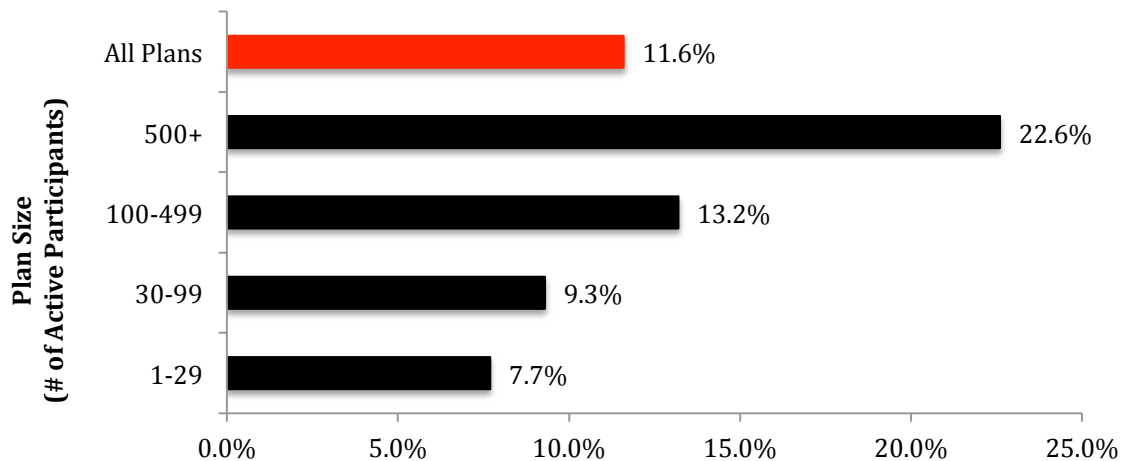


Table 12: Role of the Employer in Providing a Retirement Plan

Percentage	Plan Size (# of Participants)				
	1-29	30-99	100-499	500+	All Plans
Help employees transition into retirement.	12.7%	27.8%	40.4%	54.8%	29.2%
Help employees plan for income in retirement	16.5%	29.6%	50.0%	45.2%	31.9%
Provide retirement income replacement ratios so employees can see how well they are saving for retirement.	6.3%	11.1%	21.2%	41.9%	16.2%
Offer a retirement plan; planning for retirement is employee's responsibility.	79.7%	70.4%	73.1%	48.4%	71.3%
None of the above.	10.1%	3.7%	0.0%	3.2%	5.1%

Table 13: Percentage of Organizations that Made Changes to Their Retirement Plan as a Result of the Affordable Care Act

Percentage	Plan Size (# of Participants)				
	1-29	30-99	100-499	500+	All Plans
Percentage	1.3%	1.9%	3.8%	3.2%	2.3%

Table 14: Percentage of Organizations Planning to Make Changes to Their Retirement Plan as a Result of the Affordable Care Act

	Plan Size (# of Participants)				
	1-29	30-99	100-499	500+	All Plans
Yes	0.0%	0.0%	0.0%	4.5%	0.6%
No	51.5%	47.5%	68.3%	54.5%	55.0%
Uncertain	48.5%	52.5%	31.7%	40.9%	44.4%

Questionnaire

1. Approximately what percentage of your current employees are planning to retire in the next five years?
 - a. None
 - b. Less than 5%
 - c. 5-10%
 - d. 10-15%
 - e. 15-20%
 - f. More than 20%
 - g. Don't know

2. How many current employees are 55 years old or older? _____

3. How many current employees are 62 years old or older? _____

4. What impact do you think the retirement of employees in the next 5 years will have on your company?
 - Increased training needs.
 - Skill gaps in our workforce.
 - Recruiting challenges.
 - Reallocation of responsibilities among remaining employees. (Increased burden on them.)
 - Potential decline/reduction in service.
 - Implement flexible work options.
 - More part-time employees.
 - Increased use of technology.
 - More outsourcing.
 - Eliminate some services being provided (reduction of organizational scope)
 - Minimal impact – we are preparing.
 - None of the above
 - Other

5. What percentage of employees that are retiring are you planning on replacing?
 - All
 - 75-100%
 - 50-75%
 - 25-50%
 - Don't know
 - Other

6. Do you provide retirement planning education to participants?

Yes No

If yes, who provides it?

- Independent financial advisor for the plan (single provider plan).
- Independent financial advisors working individually with each participant (multiple provider plan).
- Plan provider representative for the plan as a whole (single-provider plan).
- Plan provider representatives working individually with each participant (multiple provider plan).
- Plan sponsor

7. Do you offer a retiree health plan to employees?

- Yes
- In the past, but not currently.
- Yes, but plan to discontinue.
- No

8. Are you currently monitoring whether participants are on track for retirement?

Yes No

If yes, what metrics do you use?

- Participation rate.
- Average deferral rate.
- Average projected monthly retirement income.
- Average retirement income replacement ratio.
- Age at which average participant can retire with pre-determined income replacement.
- Other

9. For which of the following do you feel employers should be responsible?

- Help employees transition into retirement.
- Help employees plan for income in retirement.
- Provide retirement income replacement ratios so employees can see how well they are saving for retirement.
- Offer a retirement plan; planning for retirement is employee's responsibility.
- None of the above.

10. Have you made any changes to your plan as a result of the Affordable Care Act?

Yes No

If yes, what? _____

If no, are you planning to?

Yes No Unsure