

# Ready, Set, Retire?

By JACKLYN P. BOICE

While fundraising professionals work diligently and passionately to ensure their organizations are financially secure and able to carry out needed programs and services now and in the future, they are much less confident about their own financial well-being in the years ahead.

According to “Financial Security and Careers in the Nonprofit and Philanthropic Sector,” a joint study of 1,000 nonprofit employees conducted by the TIAA-CREF Institute ([www.tiaa-crefinstitute.org](http://www.tiaa-crefinstitute.org)) in New York City and Independent Sector ([www.independentsector.org](http://www.independentsector.org)) in Washington, D.C., almost half (46 percent) of nonprofit sector employees feel they will not have the necessary funds to live comfortably during retirement. (See Figure 9 from the study.)

Why? Many feel they simply cannot save enough money. Although 76 percent of study respondents said they are currently saving for retirement, less than 20 percent of these savers are extremely or very confident that they are saving the right amount. At the same time, two-thirds have not tried to determine how much money they actually will need to save in order to live

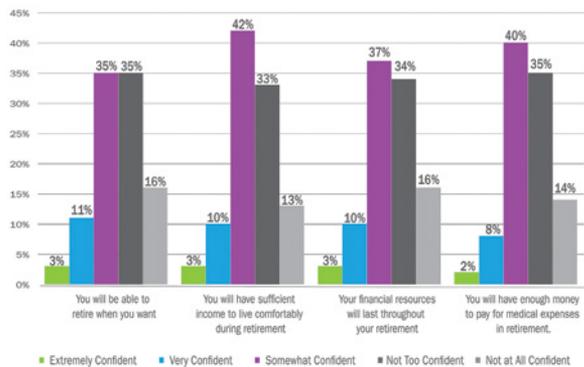


comfortably in retirement. And among the savers who are confident that they are saving the right amount, one-third have not even attempted such a calculation.

As with many people in any line of work, debt is an important factor. Twenty percent of full-time employees in the nonprofit sector classify their level of household debt as a major problem and 38 percent classify it as a minor problem. Those with a major debt problem are, as one would expect, the least likely to be saving for retirement.

The *2014 AFP Compensation and Benefits Study* (see pages 34–42) also included questions about retirement and found that fundraisers appear to be less confident about their retirement prospects than nonprofit employees overall. More than half (58 percent) of U.S. respondents said they were somewhat or very satisfied with their ability to prepare financially for retirement, compared with 59 percent of Canadian respondents. (See Chart 1.) However, 53 percent of respondents overall are not confident that they will have sufficient income to live comfortably during retirement, compared with 46 percent reported in “Financial Security in the Nonprofit and Philanthropic Sector.” Fifty-nine

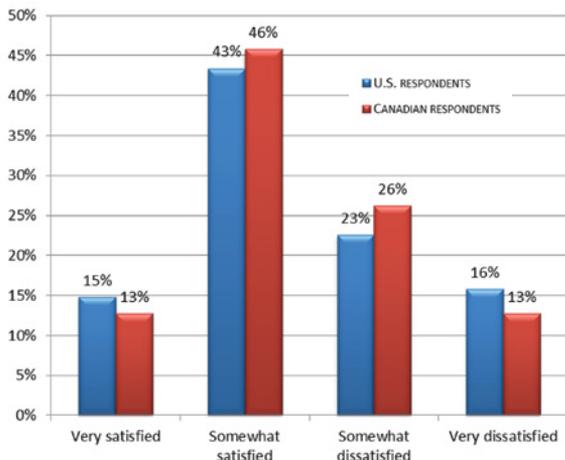
**Figure 9. Retirement Confidence Among Nonprofit Workers**



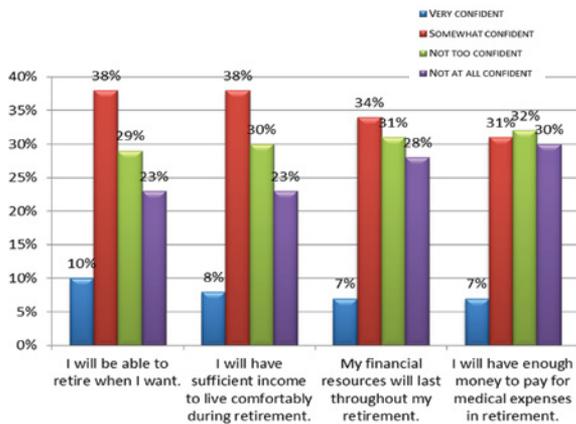
Source: 2011 *Survey on Financial Security in the Nonprofit and Philanthropic Sector*, TIAA-CREF Institute and Independent Sector.

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**Chart 1. In your current job, how satisfied are you with your ability to prepare financially for retirement?**



**Chart 2. Attitudes About Retirement, Whole Sample**



percent are not at all confident or not too confident that their financial resources will last throughout their retirement, compared with 50 percent in the TIAA-CREF Institute/Independent Sector findings. And 62 percent of fundraisers are not at all confident or not too confident that they will have enough money to pay for medical expenses in retirement, compared with 49 percent of respondents studied for “Financial Security in the Nonprofit and Philanthropic Sector.” (See Chart 2.)

While 47 percent of U.S. respondents in the *2014 AFP Compensation and Benefits Study* are very or somewhat confident that they will be able to retire when they want to, 51 percent of Canadian respondents feel they will be able to do so. (See Charts 3 and 4.)

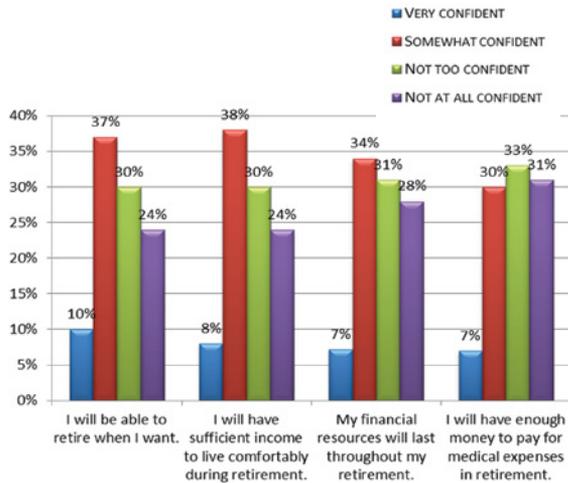
Eighty-four percent of U.S. respondents indicated that their organizations offer a retirement plan, with 83 percent saying theirs was an Internal Revenue Service (IRS)-qualified plan. Eight percent reported having defined contribution plans, with 48 percent having a 401(k) salary deferral plan. Of those with a 401(k) plan, 14 percent reported a 50 percent employer matching contribution and 8 percent received a 100 percent match.

In Canada, 74 percent of respondents said their employer offers a retirement plan. Forty-three percent indicated that their organization offers a defined benefit pension plan; of those, 92 percent said employers provide matching funds ranging from 1 percent to 10 percent or more. Thirty-eight percent of respondents said their organization offers a defined contribution plan; of those, 93 percent reported that their employers provide matching funds from 1 percent to 10 percent or more. Thirty-two percent said a Group Registered Retirement Savings Plan is offered.

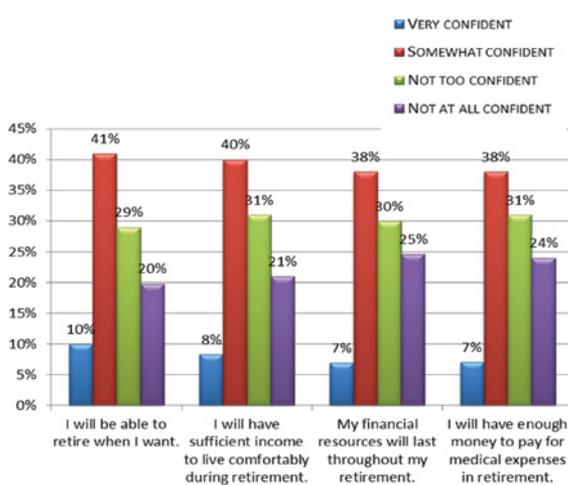
Nevertheless, despite many employers’ providing retirement benefits, less than three-fourths of respondents (65 percent of men and 59 percent of women) are very or somewhat satisfied with their ability to prepare financially for retirement. Women, in particular, are less confident than men about life after leaving their jobs. More than half (55 percent) of women, compared with 45 percent of men, are somewhat or not at all confident that they will be able to retire when they wish. Less than half (40 percent) of female respondents said they feel somewhat or very confident that their financial resources will last throughout their retirement, compared with 49 percent of male respondents. Furthermore, 64 percent of women said they are somewhat or not at all confident that they will have enough money to pay for medical expenses in retirement, compared with 56 percent of men.

What about age? Approximately two-thirds of baby boomers feel very or somewhat satisfied with their ability to prepare financially for retirement, but only around half are very or somewhat confident that they will be able to retire when they wish or that they will have enough money to live comfortably during retirement. Only

**Chart 3. Attitudes About Retirement, U.S. Respondents**



**Chart 4. Attitudes About Retirement, Canadian Respondents**



around 43 percent of those ages 45–64 feel that their financial resources will last throughout their retirement.

Thus, Rosabeth Moss Kanter, professor of business at Harvard Business School and director and chair of the Harvard University Advanced Leadership Initiative, may have been correct when she said, “The boomers’ biggest impact will be on eliminating the term ‘retirement’ and inventing a new stage of life ... the new career arc.”

**Resources**

Whether you live and work in Canada or the United States, there is plenty of information on retirement planning and what you need to do to fully enjoy your time after you leave your job for good.

RetirementAdvisor.ca  
<http://www.retirementadvisor.ca/retadv/apps/other>

Retirement Planning (Service Canada)  
<http://www.servicecanada.gc.ca>

Retirement Guide (National Bank of Canada)  
[http://www.nbc.ca/bnc/files/bncpdf/en/2/E\\_P\\_PL\\_guide\\_retraite.pdf](http://www.nbc.ca/bnc/files/bncpdf/en/2/E_P_PL_guide_retraite.pdf)

“Four Retirement Mistakes That Even Smart Couples Make”  
<http://www.theglobeandmail.com/globe-investor/personal-finance/retirement-rsps/four-retirement-mistakes-that-even-smart-couples-make/article16899527>

Retirement—Only the Beginning  
<http://lovebeingretired.com>

Retirement Planning  
<https://www.fidelity.com/retirement-planning/overview>

Retirement Planning  
<http://www.aarp.org/work/retirement-planning>

“When to Start Planning for Retirement”  
<http://money.usnews.com/money/blogs/on-retirement/2014/02/14/when-to-start-planning-for-retirement>

“Your Kids Will Never Let You Retire”  
[www.marketwatch.com/story/kids-youre-ruining-your-parents-finances-2014-05-23](http://www.marketwatch.com/story/kids-youre-ruining-your-parents-finances-2014-05-23)  
<http://www.marketwatch.com/story/kids-youre-ruining-your-parents-finances-2014-05-23>

*The AARP Retirement Survival Guide: How to Make Smart Financial Decisions in Good Times and Bad* by Julie Jason (Sterling, 2009), paperback, 352 pages

*The 5 Years Before You Retire: Retirement Planning When You Need It the Most* by Emily Guy Birken (Adams Media, 2014), paperback, 240 pages

*Preparing for Retirement: A Comprehensive Guide to Financial Planning* by Ryan Glover, CFP (Tarheel Advisors LLC, 2013), paperback, 160 pages

*The Smart Woman’s Guide to Planning for Retirement: How to Save for Your Future Today* by Mary Hunt (Revell, 2013), hardcover, 224 pages

To read “Financial Security and Careers in the Nonprofit and Philanthropic Sector,” visit [www.tiaa-crefinstitute.org/ucm/groups/content/@ap\\_ucm\\_p\\_tcp\\_docs/documents/document/tiaa04045883.pdf](http://www.tiaa-crefinstitute.org/ucm/groups/content/@ap_ucm_p_tcp_docs/documents/document/tiaa04045883.pdf).