New Thoughts on Retirement Plans for Nonprofits

A focus group discussion
June 17, 2020
Today’s Mini-session objectives

1. Learn about retirement plan design options for nonprofits

2. Learn about NCNP membership and their use of retirement plans

3. Discuss available options, such as multiple employer plans (MEPs)

4. Others?

A focus group session on the changing landscape of retirement plans, and solutions that nonprofits are using to give their employees access to 401k-style retirement plans and doing so in a cost efficient and effective manner, including the use of multiple employer plans (MEPs).
Top challenges facing nonprofit leaders today

As nonprofit organizations strive to focus their efforts on the important causes, here are some common issues they encounter:

- Complying with government regulations
- Effectively managing employees (& volunteers)
  - *Employee compensation & benefits*
  - Taking care of themselves as they take care of others
- Financial challenges - *92 percent* of all reporting public charities had annual revenue of under one million dollars.
  - Limited funding – efficient use of resources
  - Generating revenue & organization growth
- Focus on the organization’s mission
  - Preventing distractions from routine administration
- Technology and software concerns

Source: Nonprofit Impact Matters, National Council of Nonprofits
Finding the right solution

- Limiting administrative distractions
- Leveraging organization’s combined size
  - Improving products and services offered
  - Strengthening employee education, counseling and advice
- Limiting fiduciary liability
- Outsourcing the time required for plan administration
- Increasing time and resources available to focus on mission

*The Multiple Employer Plan (MEP) is a way to do all this and more.*
Possible solution: the Multiple Employer Plan (MEP)

- A MEP is a type of retirement plan that can be maintained as a single plan for organizations that are similar, but not commonly owned.
- In many respects, a MEP operates like any other plan, but with fiduciary functions and responsibilities outsourced to professionals.
- Established by a sponsoring association or central organization that permits adopting agencies or affiliates to join the plan.
- Typically overseen by a board of directors created by the sponsoring entity, made up of adopting institutions, much like an individual institution’s retirement plan committee.
- Must be sponsored by a 501(c)(3) organization
Why establish or join a MEP?

- Economies of scale
- Simplified plan administration
- Dedicated service team and relationship manager
- Outsourced fiduciary responsibility and oversight
- Broad institutional investment selection
- Employee enrollment, education & engagement
- Services typically offered to larger plans
- Expert plan governance
THANK YOU and please visit us in the virtual exhibit hall!