



**Community Sector Council**  
Newfoundland and Labrador

Accelerating Change

# **An Overview of Retirement Savings Options**

**Canada and Internationally**

**Working Paper**

**Opportunities to Build a Recruitment and Retention Plan**

**for the Community Sector in NL**

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# Foreword

The issue of benefits for employees in charities and nonprofit and charitable organizations has become a matter of greater interest in recent years. As the community sector becomes more acknowledged as essential to social and economic progress in Newfoundland and Labrador, especially in the current labour market, the discussion about more accessible and dependable pensions is gaining ground. People who make their careers in the community sector seek decent working conditions this includes in part a focus on pension opportunities. Retirement options is a matter of discussion across Canada.

In fact, a significant report prepared by the Senate of Canada (2019) explicitly recommended that the Government of Canada, through the Minister of Finance and federal-provincial-territorial meetings of Ministers of Finance, support the development of pensions for the charitable and non-profit sectors that are portable across provincial and territorial jurisdictions.

At the same time, the Provincial Government of Newfoundland and Labrador (GNL) working in collaboration with community sector leaders, led by the Community Sector Council Newfoundland and Labrador (CSC NL), developed and launched [The Way Forward with Community, A Sector Work Plan to Advance the Social and Economic Contribution of Community Organizations in Newfoundland and Labrador, 2019.](#)

The Work Plan Steering Committee identified key issues facing the sector as well as main opportunities for moving the sector forward – issues and opportunities that revolve around:

- *The capacity of organizations to be resilient and sustainable particularly in relation to government programs designed to help those organizations fulfill their mandates in support of key social and economic goals.*
- *The ability of community sector organizations to attract, retain and develop a talented workforce ... particularly in light of the changing demographics make up.*
- *The ability of the community sector to promote and position itself as an employer of choice, as an economic engine and as a driver of social change ...*

To advance these concepts around recruitment, attraction and retention of the paid labour force CSC NL is working to develop a profile of the sector and the issues faced by organizations. As part of this work we have commissioned Portage Group (which conducts similar surveys for other groups including Charity Village) to undertake a provincial survey. This will assist CSC NL in developing an Attraction, Retention and Resilience Plan for the labour force in the community.

Penelope Rowe  
CEO, CSC NL

# 1.0 Introduction

In Newfoundland and Labrador, the community sector is a significant contributor to the economy, supplying approximately 16,000 jobs to people throughout the province according to the NL Statistical Agency in 2019. In an effort to strengthen this economic contribution, the collaborative *Sector Work Plan* noted above identified a number of actions to achieve the collective goal of recognizing and fostering the conditions necessary for the community sector to contribute to the economic and social fabric of the province (2019). From a Human Resources perspective, the need to attract and retain people with the right skills sets is critical to organizational sustainability.

CSC NL has embarked on a series of initiatives, surveys and conversations designed to address these complex human resource challenges and develop a Community Sector HR Attraction and Retention Strategy. A comprehensive wages and benefits survey will be launched within the next month, retirement savings options nationally and internationally are being explored, information sharing opportunities are being offered and conversations about the types of and role benefits can play in this process are beginning.

This paper provides background information on benefits, more specifically, pensions, forms part of the profile of the sector and is an integral part of an HR Attraction and Retention Strategy. As the following information indicates, availability of various benefits is a key component of this strategy.

## 2.0 Background

Recruitment attraction and retention of employees in the community sector is not a challenge unique to this Province. The HR Council for the Nonprofit Sector<sup>1</sup> identified concerns related to recruitment and retention over 10 years ago as it worked to develop a first ever labour force strategy for the sector. Findings of a two-part survey — one of 1531 employers and one of 2043 employees — completed over a two-month period from December 2007 to January 2008, found that:

- Nearly half of employers reporting recruitment activity in the previous 12 months said that it was difficult or very difficult for their organizations to find qualified people. The main reason identified for these difficulties was few or no applicants to choose from. The introduction of non-wage benefits (health benefits etc.) was chosen by 10.5% of employers as an action to be taken to make workplaces more attractive, compared to the 28.8% who did not do anything.<sup>2</sup>
- Benefits were clearly tied to organization size with 37.6% of small organizations (1-10 employees) offering no benefits compared to 2.6% for large organizations (over 100 employees). Pension plans or pension contributions were offered by 30.1% of small

organizations (1-10 employees), 34.7 % of medium-sized (11-99 employees) and 65% of large organizations (100 + employees).<sup>3</sup>

- For employees, areas of job dissatisfaction were identified around compensation, including retirement savings options.<sup>4</sup>
- One of the recommendations that came out of the Labour Market Study was for the development and implementation of pooled services for small organizations, such as pension plans.<sup>5</sup>

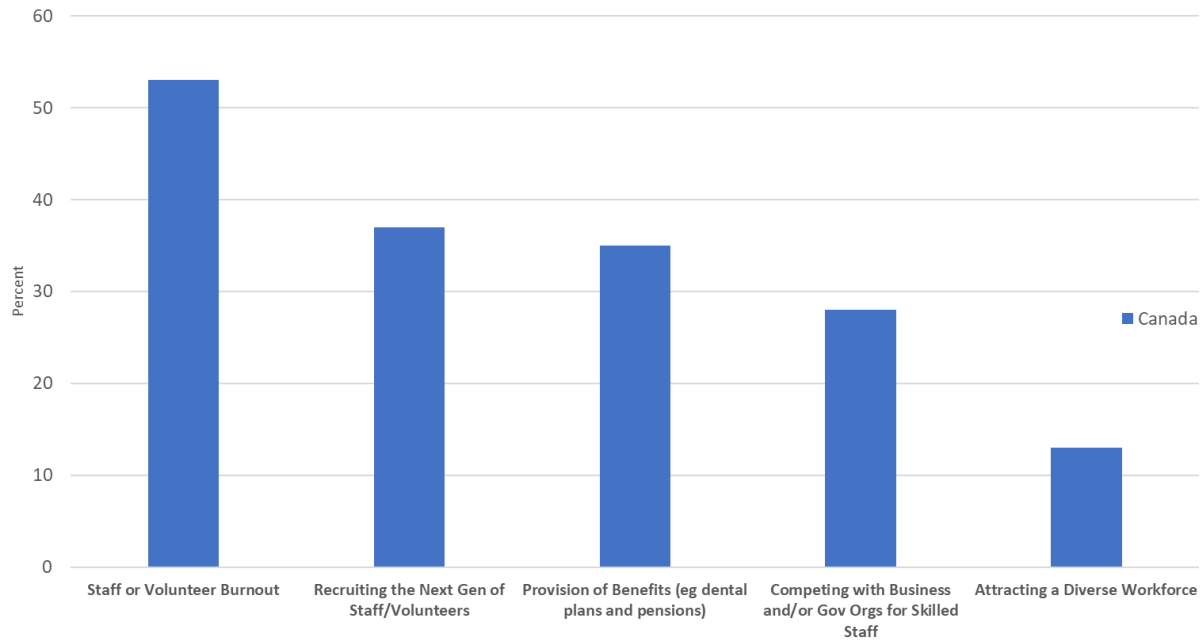
The next comprehensive Canada-wide study on attraction and retention in the sector was undertaken ten years later by the Canadian Senate noted above. A Special Committee on the Charitable Sector was appointed in January 2018 to examine the impact of federal and provincial laws and policies governing charities, nonprofit organizations, foundations, and other similar groups; and to examine the impact of the voluntary sector in Canada.<sup>6</sup> The Committee was told by witnesses that “organizations were concerned about recruiting and retaining paid staff, telling the Committee they struggle to compete with public and private-sector employers in terms of pay, pension, benefits and training.”<sup>7</sup>

As part of this study, the Senate Committee also encouraged stakeholders to complete an online survey. A total of 695 respondents responded. On the question of challenges faced by charities and nonprofit organizations relating to paid employees and volunteers, 35% found the provision of benefits (e.g. dental plans and pensions) to be a very concerning issue for the sector. Figure 1, on the following page, illustrates.

In its final report — [Catalyst for Change: A Roadmap to A Stronger Charitable Sector – Special Committee on Charities](#) — the Senate Committee made the following recommendation: “That the Government of Canada, through the Minister of Finance and federal-territorial meetings of Ministers of Finance, support the development of pensions for the charitable and nonprofit sectors that are portable across provincial and territorial jurisdictions.”<sup>8</sup>

There are two organizations – Charity Village<sup>9</sup> and The Calgary Chamber of Voluntary Organizations (The Boland Survey)<sup>10</sup> – that track compensation levels, including benefits, in the Nonprofit Sector across Canada. Because of small sample sizes, neither study allows for the extraction of data on Newfoundland and Labrador compensation including pension participation and types of retirement activity. As of 2020 (the most currently available Boland Survey) no specific data is available about pension or benefits levels in Newfoundland and Labrador nor in fact for the Atlantic Region.

**Figure 1**  
**Challenges Faced by Charities and Nonprofit Organizations**  
**Relating to Paid Employees and Volunteers - Canada, 2019**

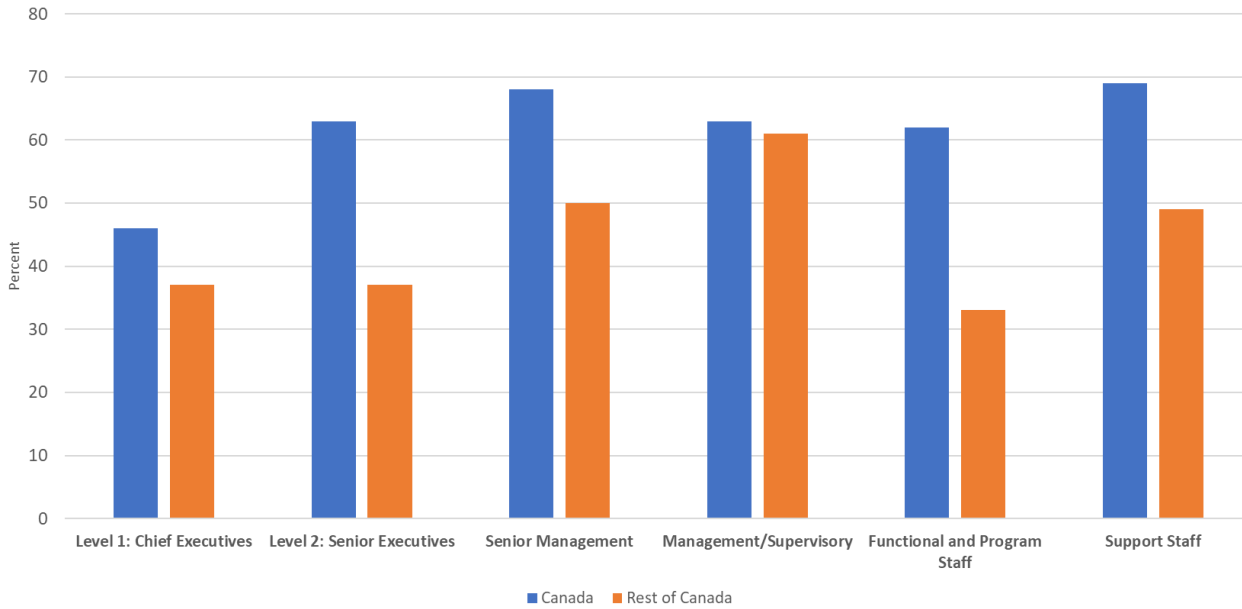


In the 2021 Charity Village Canadian Nonprofit Sector Salary and Benefits Study, (based on 892 survey responses during the period November 3 to 27, 2020), Newfoundland and Labrador was grouped into the category called Rest of Canada (which excludes British Columbia, Alberta and Ontario). The Study found that 51%\* of all participating organizations offered retirement benefits to at least some of their employees, with Chief Executives the least likely (46%)<sup>11</sup> to receive retirement benefits. As well, as noted in Figure 2 on the following page, the proportion of employees receiving retirement benefits is higher in Canada than the rest of Canada.)

\*Note Charity Village has just released a 2022 report which had 1247 respondents with 53% offering retirement benefits of some sort.

Figure 3 provides a more detailed look at the type of retirement benefits — RSP and Pension offered by Canada/Rest of Canada and occupational class. RSPs are the most common form of retirement benefits provided to five of the six occupational categories. Pension Plans are more frequent among support staff.

**Figure 2**  
**Proportion of Employees Receiving Retirement Benefits, Canada and Rest of Canada**  
 (Excludes BC, Alberta and Ontario), November 2020

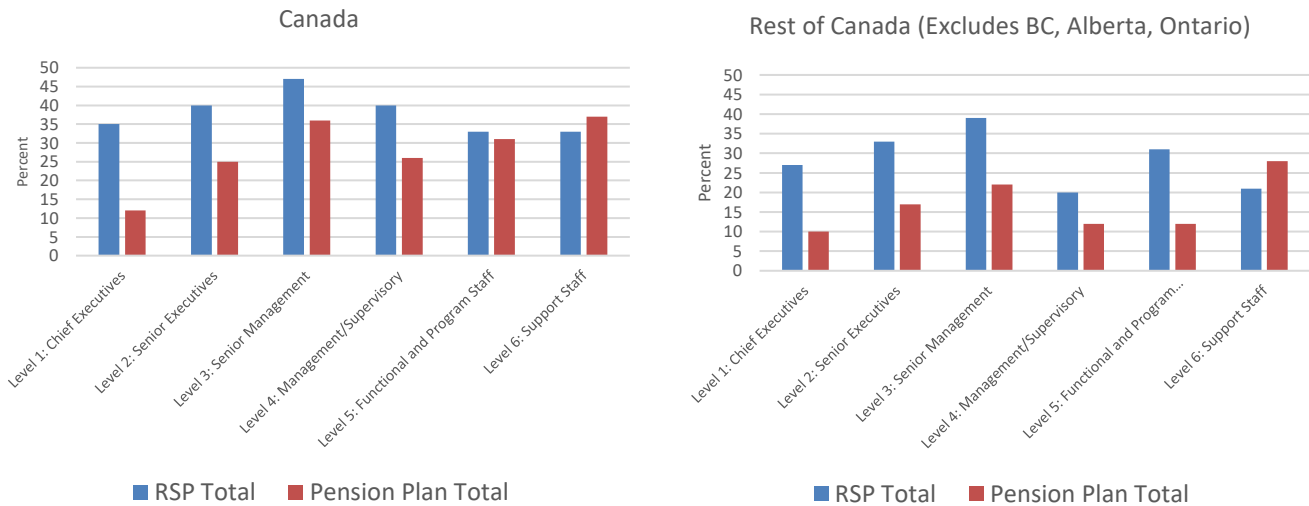


Source: 2021 Canadian Nonprofit Sector Salary and Benefit

p. 52, 123.

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**Figure 3**  
**Type of Retirement Benefits, Canada and Rest of Canada**



Source: Charity Village, 2021 Canadian Nonprofit Sector Salary and Benefits Study, January 2021, p.53

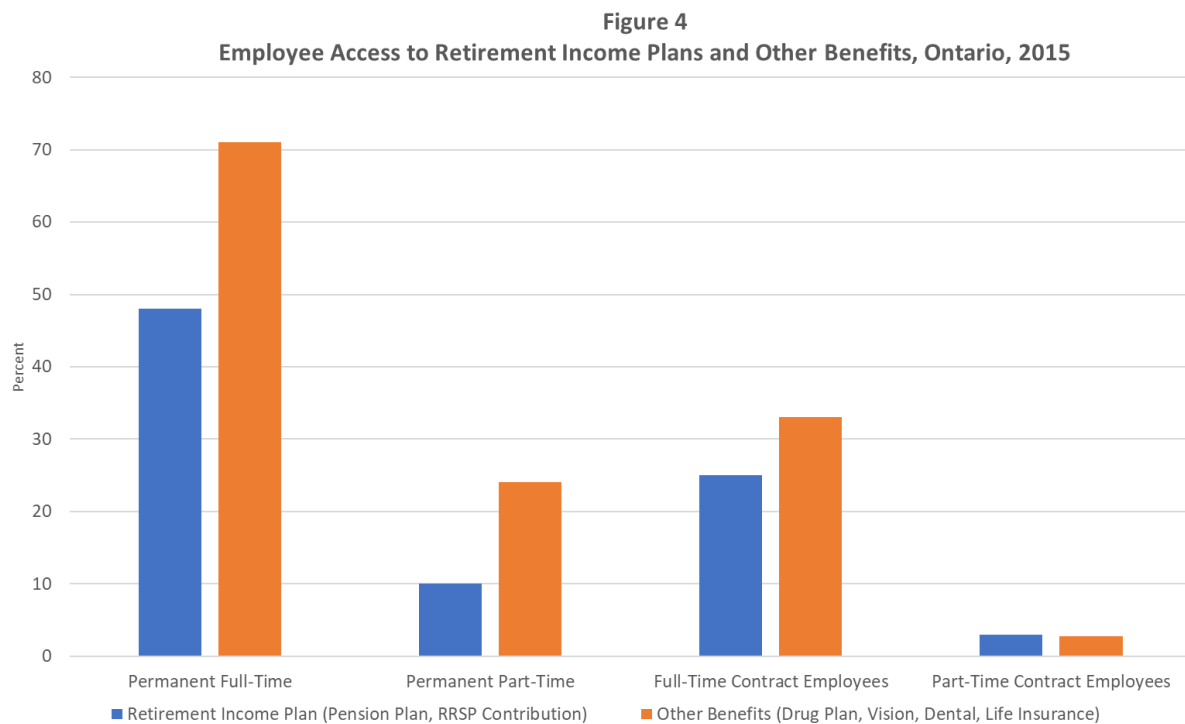
Source: Charity Village, 2021 Canadian Nonprofit Sector Salary and Benefits Study, January 2021, p.123



Imagine Canada<sup>12</sup>, in a February 2021 statement on Employee Compensation in the Charitable and Nonprofit Sector, noted that many charities and nonprofits in Canada are smaller, community-based organizations, and for many of these organizations, there is a significant challenge to recruit and retain staff due to lower salaries and fewer benefits (including pensions).<sup>13</sup>

Studies from various provinces across Canada further highlight the challenges found across the country:

- A November 2015 report entitled, *Change Work: Valuing decent work in the not-for-profit sector*, an 18-month collaboration<sup>14</sup> between the Ontario Nonprofit Network (ONN), Toronto Neighborhood Center and Mowatt NFP, found:
  - An absence of benefits may be a barrier for decent work in the sector particularly for part-time permanent workers. Of the 28% who were classified as permanent part-time, only 10% had access to some form of retirement income plan. See Figure 4 below.
  - There is a lack of comprehensive data about the sector.
  - Symptoms of distress in the sector included concerns of employment stability, low levels of retirement and benefits coverage, and high rates of part-time and contract employment.<sup>15</sup>



Source: Change Work: Valuing Decent Work in the Not-For-Profit Sector, Ontario Nonprofit Network, Toronto Neighborhood Center and Mowatt NFP, November 2015, p.16.

- From 2015 to 2018, ONN established two pension task forces, beginning with the premise of the need for a sector pension plan. The first task force identified potential characteristics of a plan, with the second task force recommending a specific plan. As part of the data collection exercise, a survey<sup>16</sup> conducted in 2018 found that 40.2% of organizations provided retirement benefits. Of these 40.2%, individual or group RRSPs were the most common with almost four out of five organizations offering this type of retirement benefit.<sup>17</sup>

While the plan recommended by the second task force was not mandatory, the process did initially “recommend that participation in a sector-wide plan should be mandatory for all employees (including management and contract/part-time workers above a threshold) where the plan is to be available in a workplace.”<sup>18</sup> Through the two task forces, a plan was recommended and launched in 2019. This plan — OPTrust Select — will be discussed in Section 2.0.

- In a 2016 study by the Broadbent Institute titled *Income Inequality: An Analysis of the Economic Circumstances of Canadian Seniors*, authored by Statistician Richard Shillington, almost half (47%) of those 55-64 have no accrued employer pension benefits.<sup>19</sup> Further the overall median value of retirement assets of those aged 55-64 with no accrued employee pension benefits is just over \$3000. For individuals with an annual income in the range of \$25,000 - \$50,000, the median value is just \$250. For those in the 50,000 - \$100,000 range the median value is \$21,000.<sup>20</sup> The study concludes by saying that there is an important role for incentives to expand workplace pensions (particularly of the defined benefit variety).<sup>21</sup>
- CSC NL has been exploring the availability of benefits, including pensions, in the sector over the past number of years.
  - In 2018, a CSC NL Community Pulse Survey noted that:
    - 46% of the 256 respondents reported that the organizations they were affiliated with make contributions to employee pension plans
    - 74% of respondents from large organizations<sup>22</sup> compared to 42% for medium-sized<sup>23</sup> and 8% of small organizations<sup>24</sup> were more likely to make contributions, and
    - 52% of respondents on the Avalon were more likely to make contributions to employee pension plans compared to 35% of respondents from organizations outside the Avalon.
  - In 2018, CSC NL hosted a Common Good Information Session and Roundtable Discussion on the concept of a sector-wide pension plan for the community sector.
  - In 2019, at the CSC NL Community Sector Summit, a representative from Common Wealth Retirement, presented on the Common Good Retirement Plan (a proposed national community sector pension plan).
  - In 2021, CSC NL hosted a webinar in partnership with Common Wealth Retirement on the Common Good Plan. A total of 38 participants attended.

- In 2022, CSC NL:
  - conducted a number of Pulse Surveys to gain a better understanding of issues facing the sector. Key findings included:
    - Pulse Survey #2<sup>25</sup>, with its focus on the hiring climate in the community sector, found that 54% of respondents indicated that their organization currently has unfilled or vacant positions; 63% indicated their organization is having difficulty filling vacant positions; and 41% are struggling to keep the employees they currently have. 55% of respondents indicated that salary levels were a barrier to hiring, followed by lack of sufficient funding and lack of applicants for advertised positions at 47% each. Lack of long-term sustainable funding (42%), lack of job security (29%) and issues related to COVID-19 (23%) were also identified as barriers to hiring.
    - Pulse Survey #3<sup>26</sup> captured top of mind feedback on the most pressing issues facing the community sector and its organizations. Challenges for the Sector as whole included rising costs (55%), public awareness of the sector (39%), appreciation of the sector (37%), and lack of understanding of the sector (35%). Given this, it is not surprising that greater recognition of the sector was identified as number one on the wish list for the sector. From an individual organization perspective, 60% of respondents identified rising costs as the number one challenge, followed by reliance on project funding (39%), lack of core funding (38%) and administrative and overhead costs (32%). Additional funding, more stable and long-term funding and help recruiting and retaining paid staff were the top three items on organization's wish list.
    - Pulse Survey #4 on Employment Issues with 200+ respondents which is not yet published –only 39% of employees reported having some form of retirement benefit.
  - has had preliminary conversations with a local retirement service provider.
  - hosted an informational webinar in October 2022 on "Attracting and Retaining Nonprofit Talent with a Group Retirement Plan. A total of 25 participants were in attendance.
  - is undertaking a comprehensive survey of salaries and benefits in the sector in order to develop a profile of the sector.
  - will be hosting a conversation with community members on benefits in the sector, with a focus on what's next. More details to follow on this undertaking.

A Community Sector HR Attraction and Retention Strategy is the planned deliverable

- Nation-wide, Common Good Retirement Plan was launched in November 2020. This plan will be discussed in Section 2.0.

- A 2020 Atlantic Provinces Economic Council (APEC) Study undertaken on behalf of the Community Sector Council of Nova Scotia found that 41% of nonprofits in NS cited recruiting labour, and 37% cited retaining labour, as significant or major obstacles to growth.<sup>27</sup> In this report, 62% of organizations having difficulty finding employees noted that the salary offered was too low. Other prominent reasons included lack of money/funding for recruiting (58%), few or no applicants to choose from (53%), competition from other organizations and government (45%), and the inability to offer retirement benefits (41%).<sup>28</sup>
- A 2021 Atlantic Provinces Economic Council (APEC) Study undertaken on behalf of the Community Sector Network of PEI found that 35% of nonprofits in PEI cited recruiting labour, and 34% cited retaining labour, as significant or major obstacles to growth. In this report, 58% of organizations who were having difficulty finding employees identified that there were few or no applicants to choose. Other prominent reasons included lack of money/funding for recruiting (48%), salary offered is too low (48%) and the inability to offer retirement benefits (38%)<sup>29</sup>.
- A 2021 Canadian Retirement Survey<sup>30</sup>, conducted for the Health Care of Ontario Pension Plan (HOOPP) by Abacus Data, found that concerns about retirement savings remained greater than concerns about health, debt load and job satisfaction. The survey demonstrated that there was a broad consensus (67% in Canada, 60% in Atlantic Canada) that there is an emerging retirement crisis and that savings for retirement is prohibitively expensive (65% in Canada and 70% in Atlantic Canada).<sup>31</sup> Other key findings included:
  - 71% of Canadians are still willing to forgo a higher salary for a pension plan<sup>32</sup>
  - 77% of Canadians say that companies have a responsibility to offer a pension plan that workers can access in order to have adequate income for retirement<sup>33</sup>
  - 85% say all workers should have access to affordable retirement savings options<sup>34</sup>
  - Of those respondents who had a pension, 71% said it keeps them at their job, 73% said it makes the job attractive, 71% said it reduces stress at work, and 69% said it keeps them focused and productive<sup>35</sup>
  - 79% of all workers (those with and without a pension) say pensions are important to making a job seem attractive.<sup>36</sup>

Several themes are present in the above listed studies:

- Continuing labour force challenges in the sector, particularly with recruitment and retention and the role that benefits, including pensions, can play in making the sector a more attractive place to work.
- Benefits are often tied to organizational size, with larger organizations offering more benefits (including pensions) than smaller organizations.
- Availability and offering of pensions in the sector continues to be identified as a challenge with limited availability of low cost, low fee plans particularly for smaller organizations, and
- Potential looming retirement crisis as seniors (55-64) have limited retirement savings.

Concern about retirement and the availability of a decent retirement income continues to be an issue. Improving pension and retirement planning for nonprofit organizations and their employees is important as it supports the development of competitive attraction and retention strategies and, it contributes to the development of decent working conditions for employees including affordable retirement savings options.

## **3.0 Workplace Pension Plan: Availability and Characteristics**

For many community sector organizations, the ability to access a high-quality pension plan can be challenging. The small size of many organizations means options are often limited for low cost, low risk plans. Funding is frequently project based causing uncertainty in revenues and employment from year to year, further restricting options for the employer and the contractual employee. Section 3.1 provides a brief summary of pension plans specifically designed for the community sector in Canada. Section 3.2 summarizes pension plan characteristics at the international level. There are distinct differences between Canada and its global neighbors and this will be highlighted. Retirement savings options for nonprofits in several US states have launched in recent years. These will be discussed at the end of section 3.2.

### **3.1 Canada**

Canada's retirement income system is comprised of a universal flat-rate pension, supported by means tested income supplements; an earnings-related pension based on lifetime earnings; voluntary occupational pensions schemes (many of which are defined schemes); and voluntary individual retirement savings plans.

To broaden the availability of low cost, risk managed plans targeting the community sector, several new options have been recently launched in Canada. Table 1 summarizes these options. It important to note that one plan in particular — the Régime De Retraite des groups communautaires et de femmes — has been in existence since 2008 and is available only in Quebec. It has grown over time and by 2020, it had 9743 participants, 923 groups, 263 retirees and holds over 116 million in savings.

**Table 1**

**Overview of Community Sector Plans in Canada**

Plan	Background	Characteristics	Membership
<b>Options Available Nationally Canada-wide</b>			
<p>Common Good Retirement Plan</p>	<ul style="list-style-type: none"> <li>- launched in March 2021</li> <li>- result of community leaders coming together to address the lack of affordable pension options.</li> <li>- was awarded the Runner Up Award for Best Innovation and Plan Design at the 2021 Pensions and Investments Summit</li> </ul>	<ul style="list-style-type: none"> <li>- defined contribution</li> <li>- set up as a hybrid group TFSA and Group RRSP</li> <li>- flexible contributions</li> <li>- matching not mandatory</li> <li>- digital plan, low fees, reduced risk</li> <li>- once you join through your employer the plan follows you for life whether you retire, change jobs, are not working, full-time/part-time. Can continue to contribute</li> <li>- national, portable plan</li> <li>- not yet available to self-employed</li> </ul>	<ul style="list-style-type: none"> <li>- 60+ Common Good employers from 12 provinces and territories including two employers in NL</li> <li>- Common Wealth has noticed a recent uptake in organizations investigating the plan options</li> </ul>
<p>DBplus – Colleges of Applied Arts and Technology (CAAT) Pension Plan</p>	<ul style="list-style-type: none"> <li>- launched in January 2019, DBplus is part of the CAAT plan</li> <li>- open to new public, nonprofit and private sector employers across Canada</li> <li>- designed to meet the needs of “other than regular full-time” (OTRFT) employees</li> </ul>	<ul style="list-style-type: none"> <li>- defined benefit plan</li> <li>- matched employer/employee contribution</li> <li>- minimum matched contributions at 5% but may be as high as 9%</li> <li>- details of participation outlined in Employer Participation Agreement</li> </ul>	<ul style="list-style-type: none"> <li>- 100 + employers in 9 industries have joined DBplus, representing over 11,000 active members</li> </ul>

**Table 1****Overview of Community Sector Plans in Canada**

Plan	Background	Characteristics	Membership
<b>Options Available in Select Provinces</b>			
<b>Ontario</b>			
OpTrust Select	<ul style="list-style-type: none"> <li>- launched in 2019 by the Ontario Public Service Employees Union (OPSEU)</li> <li>- to employees who work for charitable, nonprofit and broader public sector organizations in Ontario</li> <li>- driven by the Ontario Nonprofit Network (ONN)</li> <li>- it is a schedule of benefits within the OPSEU Pension Plan</li> </ul>	<ul style="list-style-type: none"> <li>- defined benefit</li> <li>- members can include full-time and part-time, permanent and contract, small and large workplaces</li> <li>- plan changed in February 2022 to accommodate temporary part-time work arrangements</li> <li>- members contribute 3%, employers match contribution plus 0.2% of salary in first two years</li> </ul>	<ul style="list-style-type: none"> <li>- since enrollment began in 2019, the plan has 50 organizations and over 1700 members<sup>37</sup></li> </ul>
<b>Quebec</b>			
Régime De Retraite des groupes communautaires et de femmes (regimeretraite.ca)	<ul style="list-style-type: none"> <li>- member-funded pension plan created in 2008 after 4 years of study to provide an interorganizational defined pension for community groups, women’s groups, NPO in culture, social economy and NPO with a social vocation</li> <li>- Driven by a group of community groups and women’s groups</li> <li>- governed by Supplemental Pensions Plans Act</li> </ul>	<ul style="list-style-type: none"> <li>- defined benefit plan</li> <li>- each group determines its total contribution level which is between 2% and 18% of salary</li> <li>- employer contribution must equal employee contribution</li> <li>- available only in Quebec</li> </ul>	<ul style="list-style-type: none"> <li>- by 2020, it had 9743 participants, 923 groups, 263 retirees and holds over 116 million in savings<sup>38</sup></li> </ul>
Fiducie Globale des regimes de retraite a riches partges	<ul style="list-style-type: none"> <li>- Master Trust established</li> </ul>	<ul style="list-style-type: none"> <li>- currently has 12 pension funds from various sectors</li> </ul>	<ul style="list-style-type: none"> <li>- as of June 30 2020, assets totaled more than \$600 million</li> </ul>

## 3.2 International

Delivering the world’s most comprehensive comparison of retirement income systems, the Mercer CFA<sup>39</sup> Institute released its 2021 ranking of 43 countries<sup>40</sup>. The retirement income systems of these 43 countries are compared against 50 indicators and benchmarks on three sub-indices; adequacy, sustainability, and integrating. At the top, with the best retirement income systems are Iceland, Netherlands and Denmark. Iceland achieved the top spot because of its generous state pension, a private pension system that covers all employees with a high contribution rate and a well governed and regulated private pension system that has good design features. Canada ranks 12th. Table 2, below, summarizes key characteristics of a selection of these 43 countries.

<b>Table 2</b> <b>Pension Characteristics</b> <b>Select Countries: 2021 Mercer CFA Global Pension Index</b>		
<b>Country</b>	<b>Plan Characteristics</b>	<b>2021 Mercer CFA Ranking</b>
Iceland (p35)	3 components: - State pension - Mandatory Occupational Pension schemes with contributions from both employers and employees <ul style="list-style-type: none"> <li>✓ defined contribution</li> <li>✓ all employed between the ages of 16 to 70 are covered</li> </ul> - Voluntary contributions in government-approved products	1
Netherlands (p40)	2 components: - Flat-rate public pension - Quasi-mandatory earnings-related occupational pension linked to industrial agreements. Most employees belong to these occupational schemes which are industry-wide defined benefit plans	2
<b>Denmark</b> (p32)	3 components: - Public pension scheme and a means-tested supplemental pension benefit - Mandatory occupational schemes <ul style="list-style-type: none"> <li>✓ all employees between 16 and 67 with more than 9 hours of work are covered</li> <li>✓ defined contribution scheme</li> </ul> - Voluntary occupational pension <ul style="list-style-type: none"> <li>✓ introduced by collective agreement by relevant employer associations and unions</li> </ul> - Over 90% of agreements are defined contribution	3



**Table 2**  
**Pension Characteristics**  
**Select Countries: 2021 Mercer CFA Global Pension Index**

Country	Plan Characteristics	2021 Mercer CFA Ranking
<b>Israel</b> (p37)	2 components: - Universal state pension - Private pensions with compulsory employer and employee pension contribution. <sup>27</sup> <ul style="list-style-type: none"> <li>✓ new pension funds established after 1995 are defined contribution, funds established prior to 1995 are defined benefit</li> <li>✓ any person with salaried or independent workers can join a fund</li> <li>✓ also applies to the self-employed</li> </ul>	4
<b>Norway</b> (p41)	3 components: - Earnings related social security pension - Mandatory occupational pension plans <ul style="list-style-type: none"> <li>✓ since 2006, they are defined contribution plans</li> <li>✓ mandatory employer contribution, voluntary employee contribution</li> </ul> - Voluntary arrangements to provide additional benefits	5
<b>Australia</b> (p28)	3 components: - Means tested age government pension - Mandatory employer contribution paid into private sector arrangements <ul style="list-style-type: none"> <li>✓ mainly defined contribution</li> <li>✓ employees select their individual pensions accounts provided by superannuation funds</li> <li>✓ employee contributions are voluntary</li> </ul> - Additional voluntary contribution from employers, employees or the self-employed into private sector plan	6
<b>United Kingdom</b>	3 components: - Single tier state pension supported by an income tested pension credit - Voluntary occupational pensions <ul style="list-style-type: none"> <li>✓ automatic enrollment now covers all employers, requiring them to enroll eligible employees (who can then choose to opt out). Eligible employees are aged 22 and above and over a certain income level (10000 pounds)</li> <li>✓ To support automatic enrollment, the government established a National Employment Savings Trust (NEST), a defined contribution scheme to ensure all employers are able to access a good quality low-cost pension scheme. NEST has an</li> </ul>	9

<b>Table 2</b> <b>Pension Characteristics</b> <b>Select Countries: 2021 Mercer CFA Global Pension Index</b>		
<b>Country</b>	<b>Plan Characteristics</b>	<b>2021 Mercer CFA Ranking</b>
	<ul style="list-style-type: none"> <li>obligation to accept all employees regardless of income</li> <li>✓ minimum contributions are currently at 8 percent</li> <li>- Voluntary personal pensions</li> </ul>	
<b>United States</b>	<p>2 components:</p> <ul style="list-style-type: none"> <li>- Social security system with a progressive benefit formula based on lifetime earnings and a means tested top up benefit</li> <li>- Voluntary private pensions which may be occupational or personal.               <ul style="list-style-type: none"> <li>✓ defined contribution plans dominate                   <ul style="list-style-type: none"> <li>▪ The most common is 401k. Allows for-profit employers and employees to contribute, not a requirement. New regulations have been announced that facilitate and encourage the automatic enrollment of employees into existing employee defined contribution plans. The Employment Retirement Income Security Act (ERISA) applies to private-sector companies with pension plans and is designed to protect the assets of American workers.</li> <li>▪ 403b plans are offered to government and NGO's employees. Generally, these entities are exempt from ERISA but can elect to be covered.</li> </ul> </li> </ul> </li> </ul>	19

The above table indicates:

- all have a multi-tiered pension income system for individuals:
  - a government provided pension paid out of employer and employee contributions to a national pension plan, such as Canada's CPP;
  - an occupational or employer pension plan. Characteristics vary by country. In general, a distinction is not made by organizational status, i.e. whether for-profit or nonprofit but whether an organization/business employs people; and
  - individual savings plan options.
- 4 of the top 5 ranked countries all have a defined contribution, mandatory occupational or workplace pension, the exception being No. 2 ranked Netherlands with its quasi-mandatory defined benefit pension contributions linked to industrial agreements.
- Banks, pension funds, and insurance companies all play active roles in providing pensions schemes.

Of interest is NEST, the National Employment Savings Trust Corporation in the United Kingdom. NEST is a public corporation which operates at arm's-length from the government but is accountable to Parliament through the Department for Work and Pensions. It is a Master Trust, an investment vehicle that collectively manages pooled investments. As of March 31, 2021, NEST was serving 9.9 million members and 881,000 employers, averaging one in 3 UK workers. Employers can be large or small and can include the self-employed. Due to their scale, they can offer a “sophisticated investment strategy and easy-to-use services while keeping our charges low.”<sup>41</sup>

## United States Individual State Offerings

The **Massachusetts Nonprofit Network**, partnered with the state government to launch a 401(k)-retirement plan specifically designed for nonprofits in Massachusetts. The Massachusetts Defined Contribution CORE Plan, launched in October 2017, is a multi-employer 401(k) retirement plan available to Massachusetts nonprofits with 20 or less employees at the time they join the plan. It is the first state-facilitated, multi-employer plan in the country. Administrative oversight and fiduciary support are provided from the Office of the State Treasurer.

Employer participation is voluntary and employer contributions are permitted but not required. Should an employer decide to participate, employees are automatically enrolled but can opt out. The default contribution rate is 6% with an annual auto escalation of 1% or 2% up to 12%.<sup>42</sup>

As of October 1, 2020, 80+ Massachusetts-based nonprofits have committed to joining the plan, with more than 600 eligible employees and total assets under management exceeding \$6.5 million.<sup>43</sup> More than 80% of eligible employees had no workplace plan before entering the plan.

While not targeting the nonprofit sector, several US States have introduced state facilitated retirement savings programs. The **OregonSaves**, the **Illinois Secure Choice** and the **CalSavers** all offer a program targeting private sector workers in their respective states who lack access to an employer-sponsored savings plan. Individuals who are self-employed or gig workers are able to voluntarily join the program.

OregonSaves was launched in November 2017 and has been rolling out over a number of years according to employee size. All Oregon employers are required by law to facilitate OregonSaves if they don't offer a retirement plan for their employees. Savers contribute to a convenient and portable Individual Retirement Account (IRA) that moves right along with them as they change jobs. While employer registration is mandatory, employees can opt out of the plan.

Illinois Secure Choice was launched in 2018. State law now requires every Illinois employer with five or more employees to offer their own retirement program or facilitate Secure Choice. Once

an employer joins the program, employees are automatically enrolled but can opt out. Savings are deposited into an Individual retirement Account (IRA).

CalSavers was launched in 2020. California state law requires California employers to participate in CalSavers if they do not sponsor a retirement plan and have 5 or more employees. It doesn't cost employers anything to offer the plan and employee savings is deposited into an IRA. As with OregonSaves and Illinois Secure choice, employees are automatically enrolled but can opt out.

## 4.0 Next Steps

As noted above, CSC NL is engaged in a number of activities to further opportunities in community sector organizations for employees on HR attraction, retention and resilience including:

- A comprehensive survey on salaries and benefits to be conducted by Portage Group;
- Webinars on available pension plans and other key benefit topics;
- Regional focus groups;
- Continuing conversations with potential benefit service providers;
- Work to develop an HR Attraction and Retention Strategy for the Sector;
- Work with staff and board of directors to address internal organizational policies;
- Work with funders (governments, foundations, corporations etc.) to ensure that expenses related to employee benefits beyond MERC are deemed legitimate and appropriate expenses; and
- Reinforce the importance of “core” or administrative expenses for organizations.

## 5.0 Conclusion

As labour markets tighten, becoming more acute in the wake of the global pandemic, measures to elevate the attraction and retention for employees in the community sector becomes more important. Benefits are a critical component of these strategies. With many people starting to transition out of the sector they realize that they have a rather bleak financial future. It is important to find ways to improve retirement options for the 10% of the population which works in the nonprofit sector.

There is huge reliance on community organizations as economic drivers and as builders of social prosperity. The Community Sector Council of Newfoundland and Labrador is keen to explore the sundry ways to build better retirement futures for our employees as part of our planning to build a stronger and healthier workforce.

# End Notes

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- <sup>1</sup> The HR Council for the Nonprofit Sector was funded through the Government of Canada's Sector Council program. The Council retired in 2013 and its assets acquired by the Community Foundations of Canada.
- <sup>2</sup> Toward a Labour Force Strategy for Canada's Voluntary and Nonprofit Sector: Report #2 Findings from Canada-wide. Surveys of Employers and Employees, Council for the Voluntary and Nonprofit Sector, 2008, pp. 1
- <sup>3</sup> Ibid., p. 14.
- <sup>4</sup> Ibid., p. 32.
- <sup>5</sup> Toward a Labour Force Strategy for Canada's Voluntary and Nonprofit Sector: Report #3 Recommendations, 2009, p. 12.
- <sup>6</sup> Catalyst for Change: A Roadmap to a Stronger Charitable Sector, Report of the Special Senate Committee on the Charitable Sector, June 2019, p. 9.
- <sup>7</sup> Ibid., p. 12.
- <sup>8</sup> Ibid., p. 14.
- <sup>9</sup> Charity Villages is a career resource to over 170,000 charitable and nonprofit organizations across Canada.
- <sup>10</sup> Administered annually by the Calgary Chamber of Voluntary Organizations (CCVO), the Boland Survey examines compensation levels and benefits in the nonprofit sector across Canada. Boland examines human resources related issues such as pay scales, vacation time, paid time off, professional development, employee recognition, and recruitment practices.
- <sup>11</sup> Charity Village, 2021 Canadian Nonprofit Sector Salary and Benefits Study, January 2021, p iii.
- <sup>12</sup> Imagine Canada's mission is to strengthen Canadian charities and nonprofits so they can better serve individuals and communities both here and around the world.
- <sup>13</sup> Imagine Canada, Statement on Employee Compensation in the Charitable and Nonprofit Sector, February 28, 2012, p. 2.
- <sup>14</sup> Research process included literature review, data from Looking Ahead Leadership Survey, completed 810 executive directors and senior leaders from across NFP sector in Ontario in May 2013, series of focus group discussions in April and May 2015.
- <sup>15</sup> Ibid., p. 1.
- <sup>16</sup> Survey was completed by representatives of 82 nonprofits with a combined total of 6224 staff.
- <sup>17</sup> Selecting a pension plan for Ontario's nonprofit sector, Final Report of the ONN's Pensions Implementation Task Force, September, 2018, p. 10.
- <sup>18</sup> ONN, Technical Report: A Roadmap for a Nonprofit Sector Pension Plan, March 2017, p. 17.
- <sup>19</sup> Richard Shillington, Income Inequality: An Analysis of the Economic Circumstances of Canadian Seniors, Broadband Institute, February 2016, p. 3.
- <sup>20</sup> Ibid., Based on data from Statistics Canada Survey of Financial Security, 2012, p. 15.
- <sup>21</sup> Ibid., p. 23.
- <sup>22</sup> Large organizations were defined as having a budget higher than \$600,000.
- <sup>23</sup> Medium sized organizations were defined as having a budget between \$100,00 and \$599,999.
- <sup>24</sup> Small organizations were defined as having a budget less than \$100,000.
- <sup>25</sup> The survey was conducted beginning May 19<sup>th</sup> 2022. 169 respondents were from organizations that have employees. Results are based on this group.
- <sup>26</sup> The survey was conducted in June 2022. A total of 276 individuals from the sector responded.
- <sup>27</sup> The State of the Nonprofit Sector in Nova Scotia, Atlantic Provinces Economic Council on behalf of the Community Sector Council of Nova Scotia, March 2020, p. 13.

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<sup>28</sup> Ibid., p. 16.

<sup>29</sup> The Nonprofit Sector in Prince Edward Island, Atlantic Provinces Economic Council on behalf of the Community Sector Network of Prince Edward Island, 2021, p. 16.

<sup>30</sup> 2500 Canadian adults completed the survey between the period April 19 to 27, 2021.

<sup>31</sup> 2021 Canadian Retirement Survey, conducted by Abacus Data for the Healthcare of Ontario Pension Plan (HOOPP), 2021, pp. 7-9.

<sup>32</sup> Ibid., p. 27.

<sup>33</sup> Ibid.

<sup>34</sup> Ibid.

<sup>35</sup> Ibid., p. 34.

<sup>36</sup> Ibid., p. 36.

<sup>37</sup> <https://www.optrust.com/AboutOPTrust/News/OPTrust-Select-continues-growth-50-employers-enroled.asp>

<sup>38</sup> RÉGIME DE RETRAITE des groupes communautaires et de femmes, Annual Report, December 31, 2020.

<sup>39</sup> The Mercer CFA Institute is a joint initiative of Mercer Consulting and the CFA Institute designed to benchmark the retirement income system. The mission of the CFA Institute leads the investment profession globally by promoting the highest standards of ethics, education and professional excellence for the ultimate benefit of society.

<sup>40</sup> Iceland, Netherlands, Denmark, Israel, Norway, Australia, Finland, Sweden, UK, Singapore, Switzerland, Canada, Ireland, Germany, New Zealand, Chile, Belgium, Hong Kong SAR, USA, Uruguay, France, UAE, Malaysia, Spain, Columbia, Saudi Arabia, Poland, China (mainland only), Peru, Brazil, South Africa, Italy, Austria, Taiwan, Indonesia, Japan, Mexico, South Korea, Turkey, India, Philippines, Argentina, Thailand.

<sup>41</sup> NEST, the National Employment Savings Trust Corporation Annual Report and Accounts 2020/21, p. 17.

<sup>42</sup> Georgetown University McCourt School of Public Policy, Center for Retirement Initiatives, State-Facilitated Retirement Savings Program Design Features, State Brief 21-02, October 31, 2021, p. 16.

<sup>43</sup> Deborah Goldberg, Treasurer, Commonwealth of Massachusetts, "The First State-Facilitated MEP in the Nation: How the MA Core Plan is helping Nonprofit workers Save for a Financially Secure Retirement, October 2021, 20-12, p. 2.

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