

CASE STUDY



BENEFITS &
COMPENSATION



SCHEDULING
& FLEXIBILITY



PROFESSIONAL
DEVELOPMENT



WORK SUPPORT
& RESOURCES



FINANCIAL
WELLNESS

EQUITABLE RETIREMENT PLANS BENEFIT WORKERS AND EMPLOYERS

United Way of Northern New Jersey has long offered its staff an employee-funded 401k option. However, they recognized that some employees were not participating in the plan. Upon further investigation the nonprofit learned that these staffers prioritized the liquidity of their assets versus investing in long term savings. As a result, workers were missing out on the opportunity to amass savings for their retirement, which has negative implications for their future.

United Way of Northern New Jersey acknowledged the importance of building long term assets for their employees. To further its mission to support ALICE, the organization decided to ensure that their own staff are supported by adopting a more equitable and robust 401k policy. The benefits are a win-win for staff and employer alike: all employees can build retirement savings; staff are more committed to the organization and the organization gets a tax break. The new approach also helps in attracting and retaining higher-level employees as it enhances the total rewards package. Here is what made the difference:

Automatic enrollment. Rather than leaving the 401k as an optional benefit for employees to initiate, the organization made participation automatic. Research shows that employees with automatically enrolled retirement plans experience a nearly 10% increase in income replacement compared to those who don't have them.

Employer investment. As an added benefit to staffers, United Way invests 10% of each employee's annual salary into their 401k account. The organization does not require an employee contribution to receive this benefit. Additionally, employees are further encouraged to contribute to their retirement account as they are able.

Time-based vesting. The plan is structured so that employees own the first 3% of the organization's contribution immediately, and the remaining 7% becomes available only when they are fully vested, which occurs after five years of employment. Vesting benefits both employer and employee, rewarding proven performance and long-term commitment to the organization.

Financial education. On a routine basis, the organization offers financial education workshops to further enhance employees' understanding of the benefits of long-term investments.

COMPANY INFORMATION

United Way of Northern New Jersey is a nonprofit organization with 40 employees, serving Morris, Somerset, Sussex, and Warren counties as well as portions of suburban Essex County including the Caldwell, Cedar Grove, Essex Fells, Fairfield, Glen Ridge, Livingston, Millburn-Short Hills, Montclair, Roseland, and Verona.



United Way
of Northern New Jersey