INTRO (00:04)
Welcome to the Fund the People Podcast! I'm your host, Rusty Stahl. I'm President and CEO of Fund the People, where our mission is to maximize investment in America's nonprofit workforce. We give funders and nonprofits cutting edge ideas, research and tools to help drive equity, effectiveness, and endurance in the social sector. So let's start the show!

RUSTY [00:34:00]
Greetings everyone, welcome to the podcast. **Today on the show you'll get concrete ideas and practices for ensuring that nonprofit workers have access to retirement savings. I'm pleased to have with us returning guest Chitra Aiyar with Just Futures. She first joined us in season 3 episode 10 back in December of 2022, when we discussed what's wrong with nonprofit retirement.** So now it's time to bring it back and we're bringing back this whip smart funny and extremely informative colleague for part two of the conversation in which we discuss how to do what is right for nonprofit retirement savings.

Let me give you a little background on our guests before we get going. **Chitra is a consultant with Just Futures and the researcher and author of a report called Reclaiming Retirement For All**. She has spent the entirety of her 25-year career in the nonprofit sector as an attorney, educator and as an administrator working on a range of issues from international microcredit, to domestic worker rights, to college access. I know you're going to enjoy this one. So here's my conversation with Chitra Aiyar.

(music)

RUSTY: Welcome Chitra Aiyar to the Fund The People Podcast. Actually, I should say welcome back to you. This is your second time on the show.

CHITRA: I'm excited to be here. I'm excited to be a two-timer, a repeat guest. Who has the lead? Is there a 3, 4 timer, 3 timer?

RUSTY: No, no there's only two timers so far. So you are joining the elite guest club. I hope to bring more people back, but I think you may be the first or second doing a two time situation. So, I think Mala…

CHITRA: [00:02:32]
Mala has been there twice. I listened to both. So, yes.

RUSTY: [00:02:35]
Well, she's brilliant. So we needed more space for her to hold forth and share some of that brilliance.

CHITRA: Agreed.

RUSTY: And you're brilliant too so ‘m glad you’re back. So some folks may not yet -I'll emphasize yet- have listened to season 3 episode 10 of this show which was called what's wrong with retirement. For those of you who haven't listened, please do go back because that was really part one of this conversation in a sense. In this conversation we're going to focus on what's right with retirement, focusing on practical opportunities and resources for nonprofit retirement savings, as well as talking about some of the challenges of implementing retirement savings well in nonprofits…

CHITRA: [00:03:26]
There still might be some what's wrong, but we'll try it, will try to frame it in the what's possible and we can do better.

RUSTY: [00:03:33]
I like that, what's possible. Yeah, there's some wrong within the right, it’s not a black or white thing. So for those who haven't listened yet you want to briefly introduce yourself and your organization.

CHITRA: [00:03:46]
My name is Chitara Aiyar, I have spent my entire career, like 27 years, in the nonprofit sector wearing a bunch of different hats and including most recently acting as a research consultant for Just Futures, which is now a public benefit corporation who at the time when I started with them two years ago, they wanted to conduct a national survey about the challenges around providing retirement, particularly for small nonprofit and particularly those that are social justice inclined or movement organizations. So trying to get a sense of who's offering retirement and if not, why not? So we did research across the country interviewing over 200 different nonprofits and then

we put out a report a year ago called Reclaiming Retirement For All which went through the data to try and understand what the gaps are that we're seeing and how we can move towards correcting those gaps.

RUSTY: [00:04:53]
Thank you for that and you're a lawyer, but you're not a retirement lawyer right?

CHITRA: [00:04:59]
I'm not a retirement lawyer and especially right now I am not, I might be aspiring to be one day, but currently I am a person who has spent my life at mostly small nonprofits sometimes having retirement, often not having retirement and I've also been an executive director of a small nonprofit who spent a lot of time figuring out how to offer retirement. So I come at this with lived experience of the challenge of it, both knowing the importance of retirement benefits from a worker perspective and knowing the sheer volume of labor that is often on administrators at small nonprofits. So trying to figure out what solutions look like that both serve workers and are realistic about the volume of to dos that are on executive directors list.

RUSTY: [00:06:03]
Do want to shout out your organization.

CHITRA: [00:06:06]
Yeah. Well, I mean a huge shout-out to the founders of Just Futures, Steve Choi and Alex Saingchin, who both come at this from lived experience in the nonprofit sector and seeing the importance of retirement. One of the things that I will say that I think really makes Just Futures stand out is not that they put out some reports on the challenges in retirement. So there is my report about the administrative burdens and the challenges and there's another great report by Anand Jahi, and **what could happen is that Just Futures turns into an organization that is churning out a series of critiques**, maybe more specific or, you know, more voluminous critiques, **but actually one year out from both of those reports being released they've released a product, not a perfect product, but a product that is informed by my report about the challenges, like why don't employers offer benefits and Anand's report about values aligned investments and tried to create something that meets those needs**. And I think of it very much as a sort of, there is this research and then there is practice and they are trying to operationalize and I think it is rare in my experience to have a place that is combining, like actually is like, okay these are the challenges and now informed by the challenges let's try to create something which feels very much in the the theme of what is right with retirement.

What I will also say is what is right is when organizations who identify challenges and put out tiny well-written reports, I will say not modestly, but to actually move from there to what do we do with this information in terms of operationalizing it, I really appreciate it and it is not, it was clear that that was a direction that Just Futures was going in a year ago, but the fact that that has happened it makes me really happy to now say that I am not just the ever report that is a great critique, but actually a report that identifies things that are now trying to be addressed by a product that's not perfect, but still is being informed and that just feels really different than an ongoing critique without finding solutions or identifying solutions. So that makes me feel really excited about a different kind of model and a different type of follow-up when writing research papers or you know problem papers or white papers.

RUSTY: Yeah, I like to say it's easier to deconstruct than reconstruct.

CHITRA: Very much so.

RUSTY: So yeah, that's great, theory and practice, problem and solution. That's awesome.

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I'm pleased to introduce our Season 6 Sponsor, Loftis Partners! Are you frustrated with a lack of progress on equitable pay in your organization? Look no further than Loftis Partners, your go-to source for human resources consulting with a unique twist! Loftis Partners is not just a consulting firm. They are a 100% woman-owned powerhouse at the intersection of HR, organizational development, and social justice, with a focus on nonprofits. They've launched the Pay Equity Collective, a peer learning experience that provides capacity building, strategic resources, and a supportive community for nonprofits seeking pathways to pay equity. Visit payequitycollective.com to learn more! Loftis Partners – Empowering organizations and advancing equity, one collective step at a time!

RUSTY: [00:10:12]
So we're going to get more into what the product is being offered by Just Futures later in the episode. And for those of you who want to hear more about findings from Chitra's report, you can listen to season 3 episode 10 where we talked about her findings. For those nonprofit folks listening who's organizations currently do offer retirement savings plans, what message do you have for them and what do they need to know?

CHITRA: [00:10:42]
I think first of all congratulations, that's great. It is wonderful that you are providing retirement particularly if you're a small organization, meaning less than 10 employees or under like 1.5 million, because those are the organizations that struggle the most to provide retirement benefits. So first of all, if you're doing it, that's amazing. I think then **it is important to do an equity assessment, to think about: is the way in which we are offering this benefit helping to offset a wealth gap, both a generational wealth gap, racial wealth gap, however you want to call it, are we helping to offset that or we in fact exacerbating it? And retirement is a way of building wealth so I think question one is who gets retirement benefits.** So some organizations will only be full-time staff. It might be full-time staff who have been there several years. We know that part time staff tend to be disproportionately women, people of color, people who have caregiving responsibilities. And so **when retirement is only extended to full-time workers we already have a disparity** and I think one of the most interesting findings, in terms of getting retirement right in our report, is we actually found that

organizations led by people of color, and I am saying led by people of color using building movement projects analysis, which is not just how does the executive director identify but is the majority of the leadership team and the board identify as people of color. But what we found when we analyzed along that is organizations led by people of color were more likely to extend retirement benefits to part-time workers. I'm really curious if there is a follow-up as to if that was a conscious decision or if that's an intuitive from lived experience decision, but some people are doing it right, but one of the things is do your part time workers have access to it, do all workers have access to it, can they have it immediately, right? You don't have to have a waiting period. So question one would be who's covered by your retirement plan.

The second question would be who covers the fees? The report goes into a lot of detail about this, but different plans, it can obscure who's covering the fees: is it the employer or the workers? And what I would say is **to the extent possible the employer should cover the fees** because those fees can really eat up what people's savings are.

After this question of coverage and fees, we get to the bigger **question of who is bearing the risk and what does it mean for the risk to be on individual workers?** Meaning back in the day when employer retirement was pensions it was guaranteed by the employer, right? They put in money, it wasn't about whether an individual wanted to put it in and now there's this idea that with the shift to 401K is that you're more empowered because you can make decisions of what to put in, you can choose your investments, but that also means you bear the risk, that often will cut against people with less power. So three of these risks that are important to think about is there's a contribution risk, meaning that if you are paying down student loan debt, if you have other financial obligations, for example if you're a caregiver... Building Movement Project in their report raised to lead finds that people of color in the nonprofit sector are more likely to be supporting more than themselves from their income. So you're less likely to have the money to contribute because you come in with less. One way of offsetting this, so **doing it right means that if you are the employer and you're making a contribution you don't make it an incentive**, you don't say if you put in money we'll match it, right? You say we're going to put in money regardless of whether or not you put in. Because again people might not have money to put in, people might not have lived experience of how 401k's work, people might not have the money and rather than it being like well when you learn and understand you'll start contributing, guaranteeing the employer contribution from the start makes a really big difference.

Again, similar to the part-time workers. We found that people of color led nonprofits much more likely to have guaranteed contributions. And I point this out because I think we talked, there's a lot of talk separate from this about it's really important to have, you know, diverse leadership because it's important and I sometimes think we don't necessarily have concrete examples of what changes and I really liked these two examples. And again, I don't know that they are conscious decisions of: it is more equitable to do this or if it's lived experience, but it makes a difference who's in leadership about how generous these programs are and who is bearing the risk. So again, I think **guaranteed contributions from the employer and also automatic enrollment**. So rather than telling people you should sign up for this, which puts the burden on the individual, having automatic enrollment, which is going to become mandated by Congress or incentivized by Congress. But what we find is, I think all of the research on this is that guaranteed, allowing people to opt out, so again, it's not coercive but allowing people to opt out rather than opt-in means people start earlier.

And so this idea of oh, you should know better, or the staff is financially illiterate, they need to know more right? You don't actually have to put the blame on them or pathologize that, you can just structure it so that they benefit and then as they learn more about the benefits of retirement, they know more but they haven't missed out on an opportunity. Because otherwise what you find is that **people who are coming into the nonprofit sector who don't come from wealth are not going to be able to contribute to their retirement**. And if you think about the retirement age, which is, you know, anywhere between 65 and 70 and then you've got 15 to 20 years. What are you living off of? You know the goal, and I think so much of your work has been investing in nonprofit staff so that they can have a sustainable livelihood, that should extend to when they retire what are they living off of? Social Security is not intended to fund people's full salary. And so **this idea of a three-legged stool is social security, private savings (which is do you come from money?), and then your employer's provided retirement.** So the intervention can be an employer provided retirement. Otherwise, even if you're providing a good quality of life while somebody is working, if you are not investing in their retirement, they're not going to be able to sustain that unless they come from money, right? So it's really important to do the retirement.

The other two risks are investment risks. So the research shows that people learn their investment strategies mostly from their parents and so **if your parents had a 401k, they talk to you about a 401k, those people tend to do riskier investments, which tend to yield more profit. If you are a first generation college graduate, if you are the first generation to have a 401k provided by your employer, the likelihood is you're going to take less risk**, often the savings behavior that has gotten you to the point there is not the same as being a risky investor. It also means you have less of a safety net to fall back on. **Long term what that means is you're going to make a far lesser amount**. This gets exacerbated because often the people who are providing the investment advice are not from nonprofits, right? So the starting point for everybody where they don't, people like, I don't relate to you, and then on top of that you have a huge racial dynamic where the majority of financial advisers are… Someone in the study who's not me, someone described them as white men in bad suits who don't seem interested in their jobs. And so it's hard to trust them to make investment decisions. So we have this other issue and part of the importance here is figuring out what the defaults can be and also really investing in trying to find people who people can relate to.

And **finally there's something called a leakage risk, which is you pull money out of retirement**. So people who come from generational wealth, the biggest transfers of wealth are at these sort of key moments in life: getting married, having a baby, buying a house. So it's what's called an inter vivos transfer. So it's a transfer that happens when your parents or your grandparents are still alive and often if they're paying for the house directly or paying for childcare, it's not an inheritance, but there are these moments when we have these huge transfers of wealth, which means that when your expenses become greater, because you now have a mortgage or a baby, you know, you don't have to skimp on putting money into retirement. But for people who don't come from money, those things mean that now you've got a trade-off and part of the way of addressing this sometimes is having emergency savings funds, so things that you can pull from that aren't retirement or paying people enough so that they don't have to, you know what I mean, this is a harder question but these are all the ways in which people can fall behind.

So, these are laid out pretty clearly in the report. And so what I encourage people to do, especially workers, I think this can be really pushed internally, to say here's a racial equity issue that we should see from the start of who is getting the benefits of retirement. I think one of the saddest and realist conversations I had was with someone who works at an organization that primarily receives government funding so there's lots of restrictions on how they can spend their money. And she said in the budget every year, you know, they budget 4% percent to put in for people's retirement, but if people don't put that money in they don't match it and then it becomes unrestricted dollars for them to do what they want. She was like and then we can give bonuses and everybody is happy, but it's really betting against your workers to do that and people shouldn't have to be in that position where there's an incentive for staff not to contribute to retirement. That should be guaranteed and I think this is a really great issue for workers if they are looking for ways to improve equity in the workplace. This is a fixable thing that will make a difference and once you hear it it makes sense. It's just that a lot of our default, I think, are built against… Oh, it's better to have everything be incentivized and you can make choices, and it's sort of paternalistic or patronizing to do it for people, but I think we've sort of, it's ahistorical because historically the pensions and social security it's all guaranteed, we’re not given the choice of whether to put in because our short-term desires are always going to be not for retirement.

RUSTY: [00:22:25]
It's almost more patronizing to make it a choice and then punish people for making one choice over another.

CHITRA: [00:22:34]
I think that coupled with then saying that the problem is financial literacy, which is not a neutral statement, right? It assumes that then the person is illiterate and then it pathologizes that and I feel like yes it's great to get good at financial literacy, that doesn't necessarily help with things like investing strategy. Also, historically pensions, Social Security, it's not the individual workers' job to make those choices, and **if we look around the world in most countries that have strong retirement systems, it is not the individual worker’s job to make all of these decisions**. And so we framed something, which I think is a very american way of thinking often, as sort of oh, it's empowering, and I can make these choices, and I can make better investments than, you know, than Wall Street or whoever, and I think that's a very small set of people. Instead of saying I'm not an expert, I deserve retirement because I've worked, not because I've worked and I spend my weekends reading all these financial books, right. It's been a short period of time from when there were pensions and people had retirement not as a right, but as a standard expectation as opposed to now a sign of have you proven yourself worthy,

which apparently is about learning how this whole system works, which again is not how most of the world does it. And those people obviously, if you want you can do cryptocurrency or play in the stock market, you're not prevented. The question is why does employer-based retirement fall into that area when it doesn't benefit the vast majority.

RUSTY: [00:24:25]
Especially now when nonprofit leaders are saying their number one challenge that they want funders and others to support them on is staff recruitment, burnout and retention. This is a problem, tweaking your retirement plan can show a commitment to your people and it's a fixable internal policy that you can change, that can advance recruitment and retention I would think.

CHITRA: [00:24:54]
And it has the potential I think to be a cross generational issue. I mean, I think what we find is the staff, who are most likely to be advocating for retirement or those closer to retirement age. I think that if people start looking at what it means to start having retirement from being in your 20s and the importance of retirement in the racial, like addressing the racial wealth gap, you have an issue that potentially becomes a way for both parties to be invested. I don't want to say that the onus is just on employers to provide this, but there has to be also I think a demand from workers.

So **one of my hopes with this report and sort of being an evangelist is getting younger people excited about making a demand for retirement.** I think we've seen a lot of shifts within the nonprofit workplace because of the demands of Generation Z and I think that to date retirement has not been as catchy as this sort of, you know, mental health and flexible time and different ways of thinking around fertility… But what I know is that, and we've both seen this, how much change has happened in response to those demands. So I think there's an exciting opportunity to politicize this as a demand which makes it easier for employers to do it, because it is hard to tell employers to start providing retirement when it is not necessarily being requested by the majority of their staff, or **if it's only only being asked for by senior older staff, I think it has the potential to feel actually like a divisive issue. So I think there is exciting work to do around getting everyone invested in this which makes it easier for employers to provide it.** And I think what we know is that employers are responsive to what employee demands are around compensation and benefits, and so I'm excited because I think there's room for that which hopefully makes it easier for employers to respond to it.

RUSTY: [00:27:22]
Well, we definitely benefit from having you as an evangelist. So that's great. So we've kind of talked about, for nonprofits that have retirement savings plans in place, what can they do, and you sort of broadly covered they could look at who is covered, who covers fees and who carries the risk, including debt, dependence, investment risk and leakage risk. And I just want to re-emphasize and make it explicit that is what you're saying, that there's no mandatory waiting period of a year or something, employers can enable employees to begin participating in retirement savings whenever they set that, and is that one? And two, that it doesn't matter if

you're a part-time or full-time or and again, you're not giving legal advice here, but I just want to make sure people know what the parameters of these things are.

CHITRA: [00:28:25]
So what I will say is that plans are different and I think what it's good to do is to explore. Is there a waiting period because our broker or somebody recommended it? So part of what I think, my encouragement is to explore what's accepted as default and see if that's actually mandatory or considered best practice, and best practice might be what saves an employer money, right? Like and so they might be like, you know, don't do automatic enrollment because you'll pay fees and so what I'm encouraging people to do is to explore what's been defaulted or what's been recommended to you, and then say is this actually mandated, why is this considered best practice? I think there's a lot of regulation around this, but I also think there are some defaults that don't get pushed because people feel like retirement is too complicated. So I think there are a series of questions to ask about your part-time staff, about waiting periods, about automatic enrollment, where the person you're working with might be saying here's how you do it and you're taking that as required versus a recommendation. And so I think what we're doing is differentiating between what's mandated and then what's recommended and that that recommendation might not come from a model where your goal is to provide maximum retirement for your entire staff, right? That might be on what is least costly and least burdensome for the employer. And so I think it is good to ask these questions.

I am mindful that executive directors are exhausted and you shouldn't have to become an expert in all things retirement just to offer a plan. So I think part of my recommendation is one, to ask people around you, because if you can just copy another organization, someone else has done that work and is probably like me super eager to share what they found out. So let them, you know, let them share their spreadsheets with you and then just copy it. There's no reason to start from scratch. It isn't a moral success to become an expert on retirement. So I would say use what other people around you have and/or ask whoever you're talking to. This is for the people who already have retirement, to be like is this required or is it optional? Like that I think is a question, is just to see how much flexibility you have and what you can push back on.

And along with our report we also released all of the data, so all of the benchmarking data of all of the organizations that participated in the survey. So what's included there are some different approaches of how people are trying to improve it. There aren't identifiers given on it, but the idea at least is you can see how different organizations structure it so hopefully you can learn from people who've done that work.

RUSTY: [00:31:44]
Great! And can we link to that data? That's available?

CHITRA: [00:31:49]
You have to download the report first and then you get access to the data. Yeah, if you go to the Just Futures site, and then the research, then the report, then you'll also get the data. Yeah, it's a couple of steps.

RUSTY: [00:32:02]
Yeah, we'll definitely provide links to the report. Whatever your links you give me we will put up on the episode show notes. So, now let's turn to those organizations that don't currently offer retirement. What is your message? What do they need to know to get retirement right?

CHITRA: [00:32:23]
I think they should start providing retirement. I think one of the things that was really interesting and not surprising, people who don't offer retirement were like, it's really hard to find an easy retirement plan, it's so much work. And some of those were in states like Massachusetts, that actually has a special plan for nonprofit employers. And I say this not as a how do people not know basic things. But mostly the overwhelm is so real and so intense that it means that you don't actually know about many of the options. So **there are some states which are detailed that have plans. There are also some things called, like a simple IRA that were actually set up for small employers to have a plan that is super low fee, can be operated pretty straightforwardly.** What we found when we asked, again not surprising, when we asked organizations do you know about these? Smaller organizations didn't know about the plans that were set up for smaller organizations.

The other thing that is not surprising but is important, the smaller organizations that were more likely to have retirement, pretty consistently it was not the executive director's job. They had a position that was an ops person or an admin person, even if it was part-time, and I know you know this, it was just a reminder of the difference of having someone whose job this is to do, who isn't the executive director, makes a huge difference or an executive director who had some experience with it. But **the expectation that an executive director is going to be able to fundraise, and have the vision, and be administratively strong enough to do this, is a lot and I think the result is you don't get retirement**. And so it seems like the single easiest, not easy thing to do, simple but not easy I guess is having an ops person! Makes a huge difference, but obviously that's a whole bunch of other things but **it was an interesting thing that it's not about being small necessarily. It's about being small without administrative capacity that makes a big difference.**

The other thing that's important to point out, even though I don't think it's the largest contributing factor because again, there are special low-cost plans that orgs don't know about, but there also is **the federal government who recognizes that small businesses often don't provide retirement, they put in an incentive of up to five thousand dollars to organizations who start providing retirement. The idea is to incentivize the startup cost, the administrative burden**. And so it's a financial incentive, but because it is done through income taxes, it's done as a tax credit, it doesn't apply to nonprofit organizations. And nonprofits do pay taxes, they pay payroll taxes and so there would be a way to extend this to nonprofits, but the federal government hasn't incentivised it. I would argue, not recognizing the nonprofit sector as needing incentives, because once you get to larger nonprofits: universities, hospitals, benefits are great, but the vast majority of nonprofits are small organizations.

So there's this, I think it's holding both, but I think there is room for advocacy around equal treatment and recognizing nonprofits as employers the same way small businesses are, because it is that size and lack of administrative capacity that is an obstacle, you know, for both regardless of whether you're a small restaurant or a small nonprofit. It's the doing so many things that having a financial incentive helps, but also there has to be broader awareness raising I think to even know to ask for that.

RUSTY: [00:36:36]
Yeah, I mean in and of itself, even if the five thousand dollars isn't a huge incentive, it's a statement that this matters to our society as a policy and the fact that nonprofits aren't covered is also a statement, you know, even if it's unintentional.

CHITRA: [00:36:56]
Yeah, unintentional, and I think we've all been there doing a huge amount of work for a five thousand dollar grant or even a smaller amount, right? So there is a relationship and a willingness to do burdensome annoying things for money, and so I actually think probably nonprofits, maybe even more than small businesses, are like wait, what? That's just like admitted overhead money I could, you know, like okay! There is a willingness which may or may not be a good thing but it often is, willingness to do burdensome bureaucratic absurd things when you are small because you're getting money. And so if it's reframed as a grant opportunity and pitch to development directors, I'm like, it feels like they're like oh, five thousand non-restricted money like, you know… it needs advocacy, but I also think potentially you can get other people involved in this who might be able to push it forward, rather than again just an executive director who has a lot on their plate.

RUSTY: [00:38:00]
Right, which goes into our whole issue of the overhead myth, which we're not going to go into further now, but it's actually important to note the connection there. So, okay, are there other things you wanted to point out in terms of specific things that groups that don't offer retirement should know as they go down this path of trying to figure it out.

CHITRA: [00:38:27]
Yeah. I want to encourage people to look, we will talk about Just Futures product in a moment, which I think is exciting. They can also look at things called Simple IRAs, which were again set up by the federal government. Nonprofit employers can also use them as a very low-cost no-frills kind of plan. And it's not very customizable, but I think it's better to have something in place and when there is more administrative capacity and headspace you can get more into it, but it's sort of having something is better than nothing, and then having room to play with it.

I also think doing some lobbying with your local nonprofit association around doing more education on retirement. I think often a lot of these are you have someone who's like a broker for the for-profit world who does a pro bono two hour session, and I think people don't relate to them and it's sort of they do it for free and then you can use their services and I think actually having things that are geared towards the nonprofit sector… I also think you could have things around investing and the importance of retirement for workers offered to workers as a whole within a region, as opposed to each organization having to take on this education project, right? This could be a project for like, oh have you just started a career in the nonprofit sector? Why should you be advocating for retirement at your organization or how does it work? And so, taking this information, sharing the burden off of each individual organization having to do it for their staff, I think it is a great role for nonprofit associations to play. And again, I think It is not done with malice, but I think there is a default of having again people who aren't from the sector or don't specialize in nonprofit workers doing retirement workshops, talking about like Florida and your porch, and then it reinforces an idea that this is not for me or for us, and I'm like, let's have something that actually is, what does it mean to have a healthy life in the nonprofit sector. And I think if one is going to say racial equity is important, salaries in the retirement sector are never going to be high enough that it's going to be like the way in which you accumulate wealth, right? Like it will be enough to survive on maybe some savings but it is not the same as having stock options or equity, right? It isn't the same thing.

Working in the nonprofit sector is not a way to build your generational wealth. But the one area that does make a difference is retirement and I would challenge any organizations or funders or nonprofit associations talking about the racial wealth gap to say if you're not putting money behind retirement, you're not like, I don't think it is the only way but I think it is the single best way to address that racial wealth gap, and I think a lot of the other things become on their own without this isn't going to add up. And so I would say that any discussion of the racial wealth gap or racial inequities, the substance there is retirement is going to be the single most important factor because over time it adds up to a lot more than income or salaries. And so if you're interested in investing in that you've got to be pushing for retirement and put some money there it is what I would also say to funders. Yeah, and that's an important thing to name. And again on its own and I'm not saying that that's the only thing, I think it's the single most important thing, **and I think the absence of it is a sign that someone is not actually serious about the racial wealth gap, that I think it is a sign that something is performative versus substantive, is what I would say in my my individual opinion**, I would say that.

RUSTY: [00:42:36]
It's so interesting to think about it because in our preparatory call for this and as you talk today, it really does make you think long-term and the short-term nature of income, you know, you get it in the bank, you spend it on your rent, you spend it on your food, you know, it's gone, pretty much most of it. Versus this longtime compounding interest, long-term investment in yourself and setting up the incentives and systems, whether it's from the federal government or from employers, or for ourselves to enable people of all kinds, of all class, socio-economic, racial caring commitments, you know in families to participate and to make that a reality that isn't this difficult choice between what I need today and what I'm going to need 30, 40 years from now.

CHITRA: [00:43:41]
Right and a lot of people don't see that choice, right? And so we end up with Go Fund Mes or these really like challenging things that happen when people stop working and it can't be that if

you don't come from money you either depend on the goodwill of others after you retire, or you have to marry rich, right? Like this isn't a strategy and **if we are trying to recruit people into the sector who don't come from generational wealth we are screwing them if we're not providing them retirement**, like they are better off working somewhere else and maybe dipping in for a bit. But generational wealth is this idea that you have something to, you know, to pass on to your children or at least, at a minimum, you have something to live off of when you no longer have a salary.

RUSTY: [00:44:35]
So your children don't have to pay.

CHITRA: [00:44:36]
Your children don't have to pay for you. But it's hard again, especially aT small places to provide a salary that is gonna allow you to save an amount and enough, but that's what retirement is, and it's really important that we take a long-term look because if we are successful in diversifying the nonprofit sector, recruiting people from communities most impacted by social issues to actually work at these organizations, **if we successfully diversify the nonprofit sector and then do not invest in retirement we essentially have set people up to drop into poverty after they stop working** and that feels terrible and it's really important to make sure that we're looking at what it means right? There are a lot of years after someone is done working. It needs to be sector-wide, you know, employer responsibility to think about how do people live afterwards because otherwise I think people either won't stay in the nonprofit sector, which is too bad because then they're like, oh, I actually I can’t afford to do this or they do stay and then have that shock of like what happens now with my life? And both of those are equally bad and we can do better. And again, I don't think we as a sector have succeeded in diversifying it dramatically, so great, so good news is we're not setting people up to fail yet, because I think a lot of these initiatives haven't succeeded but retirement it's not just salary and quality of work, retirement has to be a really really important part of that equation, otherwise that success will lead to a larger failure I think that might be invisible.

RUSTY: [00:46:28]
And we may be failing at the diversification because we're not making these kinds of investments as well.

CHITRA: [00:46:35]
Yeah, I think so. I think when you see this sort of history of how much pensions, particularly for blue collar jobs and social security, when you look at the racial wealth gap in this country, but then you add in pensions and social security, it doesn't fully close the racial wealth gap but it significantly reduces it. But **the more that we shift from pensions -which are guaranteed contributions- to the sort of optional thing, the more likely it is to just follow the standard wealth gap** because, again, people have the risk. But it's one of these things where you're like well in recent history, there was a time where if you worked at a Ford plant you were able to live off of your pension afterwards, right? And even if you were never paid as much as your white counterparts, your retirement was guaranteed and so it helped to offset that gap. And so, we

have that data and there has to be a way of making this better that isn't about everybody read How to Get Smart at Wall Street, like without making it about individual effort to become smart. I think there is probably a place for the financial literacy conversation, but I find that that mostly allows people to avoid responsibility and sort of puts the onus on individuals versus systems.

RUSTY: [00:48:04]
Well, let's talk about the product coming out of Just Futures, because it is an effort to help the sector or parts of the sector to begin addressing this issue at some scale. So tell us what it is and where people can learn more?

CHITRA: [00:48:24]
Yeah. So **the website is justfutures.com** and when you look at retirement **Just Futures is now offering a 401k and a 403b plan that addresses some of the burdens that I talk about in my report. And so the fees are low and transparent, it is clear what you're doing, there is education for workers and so it is addressing a lot of the burdens in my report**.

But even more exciting is that there is a second report that was released with mine, again by Anand Jahi, if I'm at an environmental nonprofit and my fund is invested in fossil fuels, it is a values contradiction that makes it really hard to feel good. And so a lot of what has been happening I think in response to a desire not just from nonprofit workers, but others wanting more socially responsible funds, is these you know funds that are screened around fossil fuels or screened around gender. And then this has been given rise to a term called greenwashing which is: well, they say that it's good, but actually blah blah blah, right? And then it's a hard thing. So what just Futures has done, with the recognition that it's really hard to be ideologically pure in these ways, but what does actual accountability to community look like is the way that that it is set up is that five different grassroots organizations actually have equity, so actually have ownership, and so groups working on Native American issues, on the right to food, these grassroot organizations are not just sort of an advisory committee who are screening, although they are doing that, but they actually have voting rights and they have equity, meaning that in order for them to benefit these funds, it needs to make money. So, what they're saying is we are actually going to hold ourselves accountable. You know, I think there is a way of saying we are being advised by people, but these are board members, so they actually have governance power and in addition they have economic incentives. So you've got this combination of grassroots organizations who are committed to building power for marginalized communities, who have a 30% equity share that is set to rise to 55% once it is profitable, who are actually at the helm right? And so it's exciting, because I think it is very much, it's actually about giving power, and I think it is also new, this is experimental. I don't think it is perfect but I also think it is centering those who care the most about values-aligned investments and who believe in it and giving them the power to make decisions.

And so I think it is a really exciting experiment and I think we shall see. If this was easy to do I think lots of people would be doing it. I think this idea of making money and doing good in a way that's not about you know, donating an extra set of shoes, you know, like in a way that feels substance, is a really hard thing to figure out and I think what Just Futures is doing is not saying here it is right, here's our model, I think what they're saying is we're committed to doing this hard work and asking these hard questions.

RUSTY: [00:52:15]
Great. So people can go to **justfutures.com/retirement to find out about this** and there's information about pricing, there's information about process. So currently you said there is a 401K with a 403b forthcoming as products?

CHITRA: Yes.

RUSTY: That's the understanding. Okay, cool.

CHITRA: [00:52:41]
By the time this airs, the 403b**. Essentially if you go to that and you sign up you can have a meeting and you're not making a commitment to put your money there. You're making a commitment to have a meeting with somebody from the team who can talk you through**. So I encourage people just to ask the questions. You can also, just on the justfutures.com if you scroll down you can sign up for the newsletter**. There are some other services including asset management, right? If you think about organizations that might suddenly get Mackenzie Scott money or other funds and then are thinking about what it looks like to invest that in a way that is values aligned. That's also an option.**

RUSTY: Fantastic, what a good idea! Instead of starting a new program with your Mackenzie Scott Grant or other large infusion of assets, create systems and incentives that support your people now and way way way into the future.

CHITRA: What does that look like and what does values aligned mean? And again, I think it can mean a lot of different things right? It can be about building power for people of color. It can be about resource sharing or not. So there's a lot of different definitions. I think it is useful to explore what that means to you as an organization and if you've got an infusion of cash that's very exciting, nice to explore with resources on deck.

RUSTY: [00:54:12]
Mmm-hmm. Well and this is you know, you were explicit with me, you didn't want to be selling this thing, we're not here to sell a product. But we wanted to make people aware of this new resource, specifically for nonprofit, specifically really for those committed to social justice values and I'm really excited that you were able to come on and share that this is up and running.

CHITRA: [00:54:39]
Yeah, I'm excited also and I will say that I'm a researcher for them, I did not design this product. And so again to have pointed out a lot of flaws and then to see something come to fruition, I'm not an owner in this, it just, it's exciting and it makes me realize how rare it is to be constructing versus deconstructing and provide some sustenance of someone who has, you know, spent a lot of my career being a critic of many things and that's a struggle, and it's really exciting for me

just as somebody to point out problems and then to see it getting addressed along, again, with all of the acknowledgement of it's challenging to get right, but let's try.

RUSTY: [00:55:25]
Yeah, that is really exciting. Well Chitra, thank you so much for coming on. I appreciate your advocacy, your leadership and I'm looking forward to learning more.

CHITRA: [00:55:35]
Great. Thank you so much.

RUSTY: [00:55:41]
I hope you enjoyed my conversation with Chitra as much as I did and I hope you learned a lot about ensuring that nonprofit folks have good retirement savings. Now, I want you to stay tuned because **next week, my guests are two powerful leaders who are reforming how Oregon state government contracts with nonprofits. They themselves are nonprofit leaders Mercedes Elizalde and Felicita Monteblanco**. Stay tuned right here to Fund The People Podcast. I'll talk to you then.

OUTRO
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