

Argus Consulting Ltd

1999 International Employees Retirement Plan Survey

Summary of Results

Participants and Methods

69 % of the firms contacted responded with completed surveys. The participants included;

- Academy for Educational Development
- Africare
- Food for the Hungry International
- Pathfinder International
- PLAN International
- Population Council
- Small Enterprise Assistance Funds
- Technoserve
- World Vision International

Follow-up interviews with participants provided additional details.

Demographics

The survey group included over 2,900 international staff members with approximately 2,000 US Citizens and 900 non-US Citizens. Average age and service for the group are as follows;

Employee Group	Average	
	Age	Service
US Employees	41.5	5.6
Int'l Employees – US Citizens	38.7	5.2
Int'l Employees – Non-US Citizens	39.7	5.1
Total	40.6	5.4

Most organizations operate throughout the world in very similar regions. One participant has operations in the US only.

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Retirement Plans

Participants offer a variety of retirement plans to their international employees. For US Citizens, the participants follow typical retirement plan practice for US non-profits. For Non-US Citizens, all participants have struggled with how best to deliver retirement income given the difficult tax status. This struggle produced a number of solutions, the most common being a non-qualified offshore plan.

For US Citizens, most participants offer either a 403(b) or 401(k) plan with most adding an employer match or a base contribution. The maximum employer contribution varies from 5 - 15% of pay. Most commonly, base pay is used in calculating the deferral amount, although 2 participants use all pay (W-2), while one uses base pay plus COLA. One participant offers a defined benefit plan that will provide an income of approximately 50% of pay after 25 years of service.

For Non-US Citizens, there are a variety of vehicles for the retirement plan, the most common program being a non-qualified offshore plan. Other approaches include;

- 403(b) plan
- defined benefit plan
- US based defined contribution plan that is not tax qualified (i.e. does not follow any of the generally applicable IRC Sections 401(a), 401(k), 403(b))
- US based post-tax annuity program
- No retirement program

These plans generally mimic the US program, in terms of employer contribution level and options, with the exception of one participant who offers no retirement programs for international employees. No participant adjusts contributions for Non-US Citizens to recognize for any differences in social security payments.

Overall, after a career of 25 years, employees should expect retirement income of about 50% of pay from their employer. The highest employer-provided percentage was 75% and the lowest was 25%. Combined with the employee savings opportunities, the average retirement income for employees should be between 70 - 80% of final pay.

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Other Information

The most common types of trust used by the participants are the 403(b) annuity funds and mutual funds. On average, there are six investment options available to employees of the participants.

Current issues facing the majority of the participant group include employee communication and general investment education.

All forms of communication are used by the group including e-mail, regular mail, telephone, fax and face-to-face meetings. No form is used exclusively. Half of the respondents utilize their own web sites for employee communication.

One company provides tax advice to their Non-US Citizens at time of payment of retirement income. Several participants will refer their staff to a tax attorney.

No participant provides information about other offshore investment vehicles (mutual funds, etc.) to Non-US Citizens.