

NonProfit Financial Managers

A Resource for the areas of Finance, IT, Human Resources, and Office/Facilities Management

Volume Sixteen, Number Five

February 2009

For information, go to npfm.org, or contact Mitzi Fennel at 617-547-1063 x235 or Jessica Zander at 617-850-1752.

Mark Your Calendars

All of our meetings take place on the **last Tuesday** of each month. No pre-registration required. Upcoming dates:

- ◆ **February 24: How Can We Survive a Deep Recession?**
- ◆ **March 31: Stock Gifts & Investments**

NPFM Membership Information

The annual membership fee of \$100 covers monthly mailings and other operating expenses. The membership period is from September to August. A part-year membership for \$60 is offered for those joining after January 1st, which covers membership through August. Full-time students are welcome to join at any time without paying a fee.

In addition to attendance at monthly meetings, members receive a monthly newsletter and access to the NPFM e-mail forum. Lunch is provided for all attendees at meetings. There is a \$12 meeting fee for non-members, and since membership is by organization, there is no limit of individuals from any one organization who may attend the meetings.

R.S.V.P.s for the meetings are not required.

For renewals or new membership fees, please make your check out to:
NonProfit Financial Managers
C/O Child Care Resource Center
130 Bishop Allen Drive
Cambridge, MA 02139

Contact Mitzi Fennel at 617-547-1063, x235 for more information.

The Next Meeting

Topic: Managing During an Economic Downturn.

Date: Tuesday, February 24

**Location: United South End Settlements
566 Columbus Ave., Boston**

Time: 12:00 PM – 1:30 PM

William Pinakiewicz, Director of the New England Program of the NonProfit Finance Fund, will give a presentation on steps nonprofits can take to survive a deep recession. NFF serves both nonprofits and their funders, offering an integrated package of financial and advisory services, including facilities and working capital [loans](#) and lines of credit; asset-building programs; intensive [workshops](#); [Nonprofit Business Analyses](#), and other consultations to help nonprofit managers understand the impact that management and program decisions have on their finances. A newly launched entity, [NFF Capital Partners](#), helps nonprofits attract equity-like growth capital.

William Pinakiewicz is responsible for managing NFF's financial services, advisory services and new business development activities throughout the six-state New England region. Mr. Pinakiewicz's professional experience includes over 35 years in management and finance in both the nonprofit and for-profit sectors. In his nearly 20 years at Citigroup, Mr. Pinakiewicz's finance experience included senior banker roles in public finance, corporate finance and private banking, both domestically and in Europe, the Middle East, and Africa. Both before and after Mr. Pinakiewicz's career in finance, he was involved in education and other mission-driven nonprofits as an educator, administrator, financial advisor and trustee. Mr. Pinakiewicz has served as Treasurer and Investment Com-

mittee Chair of the Williamstown Community Chest, a funder of social service and youth organizations in Western Massachusetts, and was a Finance Committee member of the Berkshire Country Day School Board of Trustees. Mr. Piankiewicz completed both his M.A in Educational Administration and M.B.A. in Finance at Columbia University and holds a B.A. in Psychology from Williams College where he serves as a Leadership Gift Chair in the college's annual Alumni Fund Campaign.

Recap of January Meeting

Carolyn Howard, the founder and principal of Pegasus Advisors, gave a presentation on the new rules for 403B plans and reviewed some of the plan administration issues. She has taught retirement planning at the Technical Development Corporation. She is also a continuing education instructor to CPAs, attorneys, and Certified Financial Planners in Massachusetts.

The IRS has been looking at issues involving 403B plans for some time now. There are currently major differences between 401K plans and 403(b) plans. The 401K plan is a trust account and is protected as such; it cannot be touched by liens. The 403(b) is looked at as an individual retirement account. If you leave your employer, you can keep the same 403(b). It is not protected like a trust. Because the 401K is a trust, it has been much more heavily regulated than the 403(b). There is a discrimination test to make sure highly compensated employees do not enjoy unfair benefits. There are many more 403(b) plans than 401Ks and the 403(b) marketplace has been more unruly than for 401Ks. As a result, the IRS wants more oversight over the 403(b) world; it wants to know what the investments are and what the cost of those investments is.

Historically, insurance companies were the only entities allowed to administer 403(b) plans. Eventually, mutual funds wanted in and got into the business. Carolyn is not a fan of insurance company plans as there are hidden charges. Basically, there are four classes of funds: 1) No Load – no charges to get in and out of funds; 2) B shares – you need to stay in the fund 3) C shares – it cost nothing to get in and out, but there are higher management fees; and 4) A shares – there is a big surrender charge to get out. You need to look carefully at each plan and all of the charges and do a cost benefit analysis.

The government has enacted new regulations for 403(b) plans which will go into effect as of 12/31/09. There will be a required minimum distribution for plan participants in 2010 at age 70 ½, and the sponsor of 403(b) plans will be required to have a written plan document on file. Although the 403(b) plan can be less formal than the 401K plan, both have similar requirements: the date of hire, the rules for contributing, any wait period, and an outline of the investment options. 401K plans have to be tested at least once per year for fairness (highly compensated employees vs. non-highly compensated). Under a 403(b) plan, everyone has to have the same opportunity to participate. You can define the terms for participation, but those terms have to be universal – apply to all employees. In addition to a plan document, new regulations require that the sponsor (employer) have in place a recordkeeping agreement with the plan administrator/investment company.

A 403(b) plan should have at least three investment options. 403(b) plans which include employer contributions and/or allow loans are subject to ERISA compliance. As far as allowing for hardship withdrawals and loans from the plan, you can allow them or not. However, the less restrictive the plan is, the less likely that the IRS or the Dept. of Labor will have issues with your plan.

Job Openings...

The NPFM group has a section on their website for job postings. Check out our website at www.npfm.org for a complete list of jobs. Contact David Richardson at dr44@verizon.net with questions or postings.

NPFM E-mail Forum

One of the benefits of membership in NPFM is a subscription to our e-mail listserv. We encourage members to post questions, announcements and new developments in finance and administration. All new members who provide e-mail addresses are automatically subscribed. To post messages send to npfm@topica.com

NPFM Steering Committee

The Steering Committee consists of several members who are responsible for the meeting topics, speakers, and other details surrounding the group. If you are interested in joining the steering committee, or in submitting ideas for future sessions, please contact any of the existing members, by e-mail or in person at a meeting.