

Since its launch in 2012, the annual Study on Nonprofit Investing (SONI) has sought to empower nonprofits by providing them with actionable peer benchmarking data so they can make better informed decisions about their investments. In 2018, and for the third year in a row, more than 500 nonprofit organizations participated in the SONI survey, including 147 membership associations and 362 public charities. The SONI results are segmented into these two broad nonprofit types, and further categorized by budget or investment reserve size.

As in prior years, both the SONI Association and SONI Public Charity reports address the question “what are other nonprofits doing with their reserves?” More specifically, SONI examines the following:

- How do nonprofits segment total cash assets among short and longer-term objectives?

Budget Size	Public Charity	Association	Overall
<\$2M	78	25	103
\$2-10M	168	71	239
>\$10M	116	51	167
<b>Total</b>	<b>362</b>	<b>147</b>	<b>509</b>

- How much investment risk do nonprofits take with longer-term investments?
- How much investment risk do nonprofits take with shorter-term investments?
- How much do nonprofits pay for investment services?
- How much are nonprofits earning from their investments\*—and what should they expect?

- How can nonprofits strengthen their investment policy to most effectively guide decision-making?

### What's new for the 2018 SONI?

In response to participant feedback, the 2018 SONI includes new sections focused on shorter-term investment portfolios, and retirement plan benefits.

**The in-depth reports are free to survey participants and are available to other nonprofits at a cost of \$450. For more information, please email [SONI@raffawealth.com](mailto:SONI@raffawealth.com) or visit [npinvesting.org](http://npinvesting.org)**

\* All performance results have been compiled solely by RWM based on information provided by survey respondents. Results have not been independently audited or verified.

# 2018 Key Findings

While the recent return to market volatility might drive a desire to head to the exits, the 2018 SONI results provide a compelling case for focusing on things you can control,

namely establishing policy guidelines that instill discipline, and understanding the performance impact of investment fees. This summary outlines high-level 2018 findings and

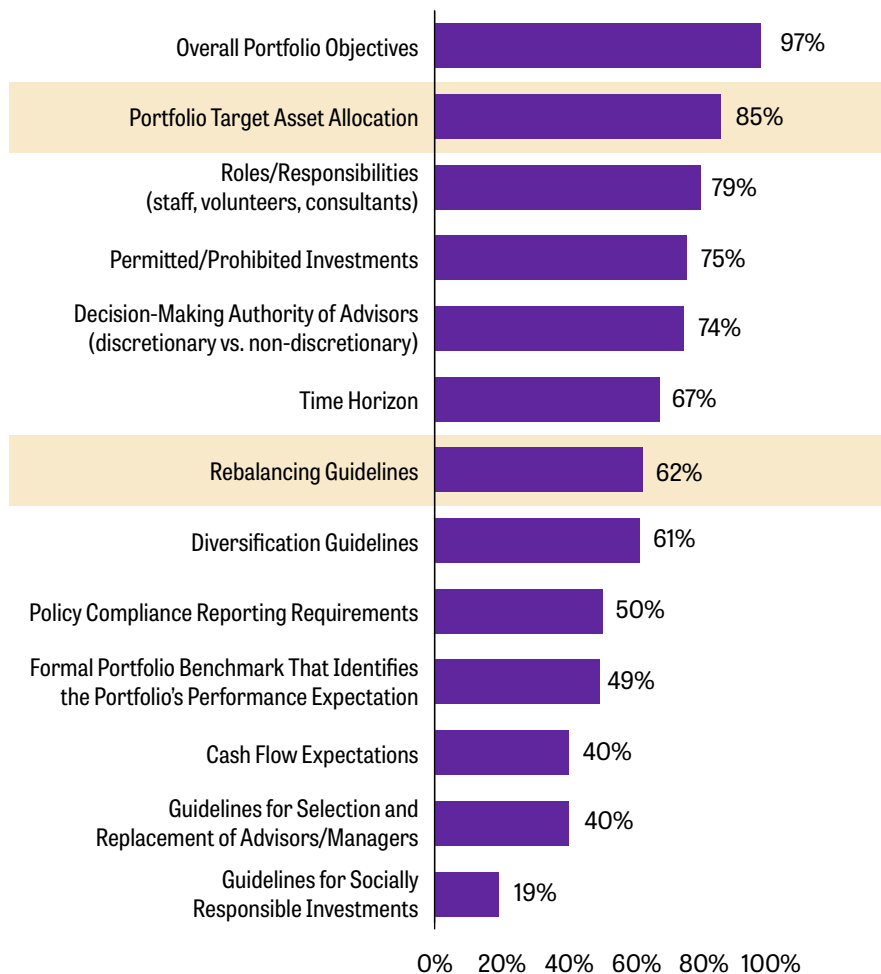
highlights what's new in this year's reports. For further detail, including Raffa Wealth Management's insights and trend analysis, please contact [SONI@raffawealth.com](mailto:SONI@raffawealth.com).

## Investment policy guidelines—Associations

SONI association participants reported that their investment policies include the guidelines listed in this chart.

### RWM Insight: Disciplined Investing

Just as last year's SONI results indicated, the median nonprofit that included a formal asset allocation target in its Investment Policy Statement (IPS) outperformed the median nonprofit that didn't. Similarly, the median nonprofit that outlined a rebalancing policy outperformed the median nonprofit that didn't. This underscores our belief that removing emotions and instilling discipline into the investment decision-making process gives nonprofit organizations the best chance of achieving their investment goals.



PERCENTAGE OF RESPONDENTS WHO INCLUDE TOPIC IN THEIR IPS

n = 117

## Investment Fees—Charities

SONI participants were asked to select from a number of fee ranges that were provided. They were asked for their investment advisory fees and fund/manager level fees separately. A complete breakdown of investment fees by portfolio size is available in the full SONI report.

Portfolio Size	Fund Fees	Advisor Fees	Total
<\$2M	0.56%–0.70%	0.71%–0.85%	0.96%–1.10%

*n* = 203

## New for 2018

We're excited to announce two new sections to this year's SONI report. Based on feedback from past participants, this year's survey polled nonprofit executives on how their organizations invest their short-term reserves and the characteristics of their retirement plans. Highlights from these two new sections are provided.

Purchase the full SONI report for insights from RWM including these:

- Strengthening Your Investment Policy
- What is the Ideal Target Level of Reserve?
- The First Steps Towards Socially Responsible Investing
- Active or Passive Investing?

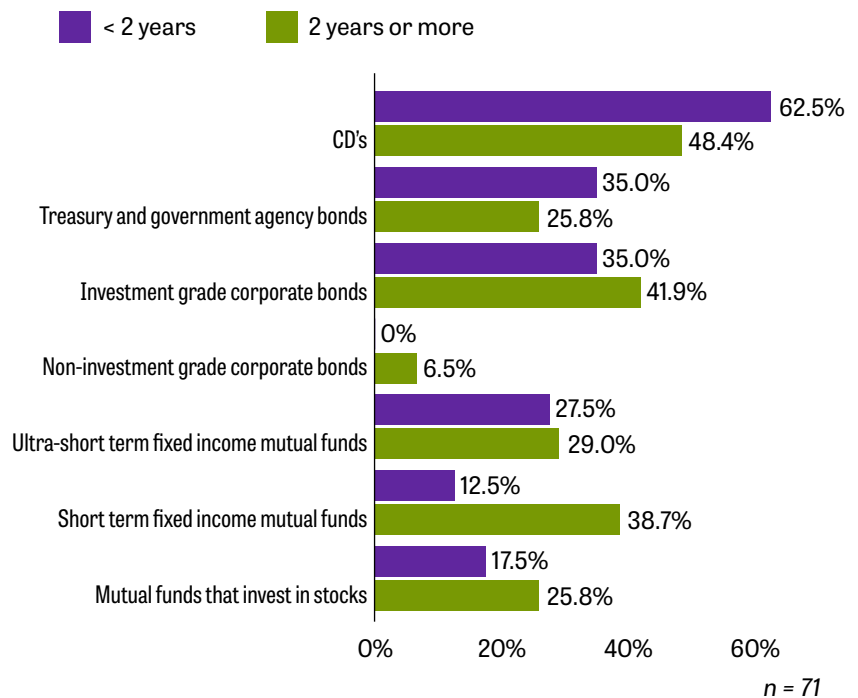
### Contents

Introduction	/	<b>3</b>
About the Authors	/	<b>4</b>
Participation	/	<b>5</b>
Investment Policy Guidelines	/	<b>7</b>
Segmentation and Asset Allocation	/	<b>14</b>
Investment Performance and Fees	/	<b>18</b>
Retirement Plan Benefits	/	<b>21</b>
Analysis	/	<b>26</b>

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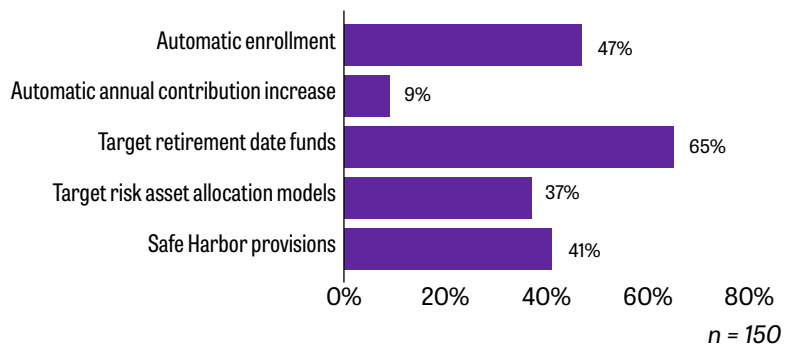
## Short-term investments asset allocation—Associations

When asked what time frame aligns with the level of risk that's appropriate for their short-term portfolio, over 70% of associations responded it was two years or less. Those with time frames greater than two years were more heavily invested in investment-grade corporate bonds and mutual funds, while holding less in CDs and U.S. Treasury and Government Agency bonds.



## Retirement plan features—Charities

Public charity SONI participants were asked to select the features that are included in their retirement plans from a number of options. In total, nearly half of retirement plans use auto-enrollment, 65% offer target retirement date funds, and 41% have safe harbor provisions. Fewer plans have target risk asset allocation models (37%) and only 9% use an automatic annual contribution increase feature.



**Buy now! Show your board of directors how you stack up. The SONI report is available for purchase for \$450. Email [SONI@raffawealth.com](mailto:SONI@raffawealth.com).**



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