

# Retirement Membership Proposal

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## Background:

The System Dynamics Home Office regularly gets a small number of requests of retired members for a membership with a reduced pricing. These members usually get a 50% membership scholarship. The argument is that retired members have less access to institutional funding, but still want to be part of the System Dynamics Society. Based on these requests, we had a look at how many members we lose in the oldest age group. At the moment, the society is losing more members in the age group of 60 and above than it is gaining, with the outflow relatively steady at 20%. The assumption is that members rather leave than ask for a reduced pricing membership.

Regular Dues Price	Income	Income	Income	Income	\$140	\$145	\$160
	2017	2018	2019	2020	2021	2022	2023
<b>Total Members</b>	1246	1120	N/A	1418	1271	1182	1336
<b>Members &gt;= 60 years old</b>	233	195	N/A	183	147	111	89
<i>Inflow</i>	39	19		29	65	59	4
<i>Outflow</i>	52	57		41	102	94	26
<b>Net Change</b>	13	38		12	37	35	22
<b>% Lost</b>		16%		6%	20%	24%	20%
<b>Membership Revenue Contribution</b>							

## Comparison

A comparison with similar professional organizations, shows that they have retirement membership for reduced price. The assumption is that retirement membership provides

members with access to the same services as the regular membership. In general, professional organizations offer a retirement membership at the amount of 50% of the regular membership.

	Regular Price	Retiree Price	% of Regular
<b>System Dynamics Society</b>	\$165	N/A	N/A
<b>Academy of Management</b>	\$214	\$106	50%
<b>Operational Research Society</b>	79£	53£	67%
<b>Australian &amp; New Zealand Academy of Management</b>	\$190	\$95	50%
<b><a href="#">Informs</a>*</b>	\$109	\$55	50%

\*This discount is available to INFORMS members who are retired from full-time employment. The discount is 50% off the standard membership rate. In order to qualify for the retired member discount, INFORMS membership must be held for at least 5 years. If you are retired and qualify for the discount, you can change your membership status by contacting INFORMS customer service.

## Reasoning

Offering a retirement membership is a way to preserve a wealth of knowledge of members that have experience in the field and in the System Dynamics Society. It is a way to retain members for whom regular membership becomes too costly. In other words, it is part of a policy to reduce membership outflow. Offering a retirement membership, fits with the System Dynamics Society target of increasing the membership numbers to 1800 by 2025.

## Assumptions

Please note that we have limited data on the age of our membership. We historically asked them to identify their year of birth and we use that here. As a result, we have to make gross generalizations about the number of people who are moving into the stock of retirees in each year. We have decided to assume a similar net percent loss rate which seems to be fairly stable at 20%.

It appears that the increase in effective price of membership between 2020 to 2021 affected the outflow of retirees dramatically. The jump was from a 6% loss rate in 2020 to a 20% loss rate in 2021, so one can presume that retirees are very price sensitive. Though this is not entirely born out by the data. We do see a doubling of inflow in this cohort. But we see more than a doubling of outflow in this cohort as well.

## Scenarios

We have run four different scenarios using various pricing and net % lost rates.

- 1) Base Line (retirement price stays the same and we continue to lose 20% retirees per year)

Regular Dues Price	Income	Income	Income	Income	\$140	\$145	\$160	\$165									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total Members	1246	1120	N/A	1418	1271	1182	1336										
Members >= 60 years old	233	195	N/A	183	147	111	89	71	56	44	35	28	22	17	13	10	8
Inflow	39	19		29	65	59	4										
Outflow	52	57		41	102	94	26										
Net Change	13	38		12	37	35	22	18	15	12	9	7	6	5	4	3	2
% Lost		16%		6%	20%	24%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Membership Revenue Contribution								\$11,715	\$9,240	\$7,260	\$5,775	\$4,620	\$3,630	\$2,805	\$2,145	\$1,650	\$1,320

- 2) 50% Off (retirees get a 50% discount and we assume that our loss rate drops to 15% per year)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>Total Members</b>																
<b>Members &gt;= 60 years old</b>	195	N/A	183	147	111	89	75	63	53	45	38	32	27	22	18	15
<i>Inflow</i>						4										
<i>Outflow</i>						26										
<b>Net Change</b>			0	0	0	22	14	12	10	8	7	6	5	5	4	3
<b>% Lost</b>			#VALUE!	0%	0%	20%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
<b>Membership Revenue Contribution</b>							\$6,150	\$5,166	\$4,346	\$3,690	\$3,116	\$2,624	\$2,214	\$1,804	\$1,476	\$1,230

- 3) Supported (retirees pay the same rates as other reduced membership categories and our loss rate drops to 10%)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>Total Members</b>																
<b>Members &gt;= 60 years old</b>	195	N/A	183	147	111	89	80	72	64	57	51	45	40	36	32	28
<i>Inflow</i>						4										
<i>Outflow</i>						26										
<b>Net Change</b>			0	0	0	22	9	8	8	7	6	6	5	4	4	4
<b>% Lost</b>			#VALUE!	0%	0%	20%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
<b>Membership Revenue Contribution</b>							\$4,000	\$3,600	\$3,200	\$2,850	\$2,550	\$2,250	\$2,000	\$1,800	\$1,600	\$1,400

- 4) 20 Years Free (57% of retirees who have been members for the past 20 years get free memberships, others drop at 20% rate).

Number retirees	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Members >= 60 years old	195	N/A	183	147	111	89	71	57	46	37	30	24	19	15	12	10
Paying Members						20	16	13	10	8	7	5	4	3	3	2
Unpaying Members					57%	51	51	51	51	51	51	51	51	51	51	51
% Lost						20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Membership Revenue Contribution						\$2,640	\$2,112	\$1,690	\$1,352	\$1,081	\$865	\$692	\$554	\$443	\$354	

## Potential Impact

With the above scenario assumptions, we see the following results. While each subsequent scenario provides us with more members, it provides us with less income to pay for programs.

	Scenario #1	Scenario #2	Scenario #3	Scenario #4
ASSUMPTIONS	Base Line	50% Off	Supported	20 Years Free
Proposed Dues	\$165	\$82	\$50	\$0
Loss Rate	20%	15%	10%	20%
OUTCOMES				
2032 Retired Members	8	15	28	53
10 Years Revenue	\$50,160	\$31,816	\$25,250	\$11,783

Of course, this is highly sensitive to the assumptions. We have done a break even analysis for the loss rate. The numbers are below.

- 50% Off: If we discount the prices to 50% Off (\$82), then we would have to reduce the net loss rate to 6% to break even. This might be possible given the data from 2020 (prior to when we established a set membership price of \$140), but given the 2018 percent loss rate of 16%, we may not see that big a reduction.
- Supported: If we were to drop retiree pricing to the \$50 price, we would not breakeven unless it led to more people joining as a result.

	Scenario #1	Scenario #2	Scenario #3	Scenario #4
ASSUMPTIONS	Base Line	50% Off	Supported	20 Years Free
Proposed Dues	\$165	\$82	\$50	\$0
Loss Rate	20%	6%	0%	20%
OUTCOMES				
2032 Retired Members	8	44	89	53
10 Years Revenue	\$50,160	\$50,922	\$44,500	\$11,783

[Run your own scenarios](#)

## Proposal

We propose to introduce a Retirement Membership for 50% of the regular membership price for anyone who is retired as defined by over age 60 and no longer working full time. In 2024, this would be a membership price of \$ 82 (50% of \$165), which is similar to what other societies do. Such pricing resonates with how other professional societies offer retirement membership.

## Motion

We move to set a Retirement Membership price that is pegged to 50% of the regular membership price. Those who are 60 and over and no longer working full time will qualify. This pricing will commence immediately for individuals who self-identify as eligible.