Central Valley Financial Inclusion Summit

Welcome/Introductions

Eric Payne

Executive Director, The Central Valley Urban Institute
Thank you to our Sponsors
## Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
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<tr>
<td>8:30am</td>
<td>Breakfast and Check-In</td>
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<tr>
<td>9:00am</td>
<td>Welcome</td>
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<tr>
<td>9:30am</td>
<td>Setting the Context</td>
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<tr>
<td>10:00am</td>
<td>Local Highlights Supporting Financial Security for Families</td>
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<td>11:15am</td>
<td>Supporting Small Businesses and Development</td>
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<tr>
<td>11:30am</td>
<td>Access to Capital - Panel + Presentation</td>
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<tr>
<td>12:30pm</td>
<td>Lunch</td>
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<td>1:00pm</td>
<td>CalSavers, Retirement Savings Program</td>
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<td>2:00pm</td>
<td>Building Solutions Discussion</td>
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<td>3:00pm</td>
<td>Reinvesting in Central Valley</td>
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<tr>
<td>4:30pm</td>
<td>Closing</td>
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Central Valley Financial Inclusion Summit

Setting the Context - Speakers

Lee Ann Eagers
*President & CEO*, Fresno County Economic Development Corporation

Elliott Balch
*Chief Operating Officer*, Central Valley Community Foundation

Tate Hill
*Director Of Administration*, Access Plus Capital
Fresno County 2019 Demographic Snapshot

Population: **1,005,855**

- Bachelor's Degree, 13%
- Associate's Degree, 8%
- Some College, 22%
- High School Diploma, 23%
- Less Than 9th Grade, 19%
- Graduate Degree and Higher, 6%

**EDUCATION**

**Jobs and Income**

<table>
<thead>
<tr>
<th>Employed</th>
<th>Median Household Income</th>
</tr>
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<tr>
<td>434,354</td>
<td>$48,730</td>
</tr>
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</table>

Unemployed 28,900 6.4%

Unemployment Rate* comparable to pre-Great Recession UE rate.

Jobs grew by 43,332 over the last 5 years and are projected to grow by 27,466 over the next 5 years.

Source: EMSI
Local Highlights Supporting Financial Security for Families - Speakers

Kacey Auston  
*Strategic Communication Consultant*, United Way Madera and Fresno

Mary Helen Caggianelli  
*Manager, Residential Services*, Fresno Housing Authority

Elliott Balch  
*Chief Operating Officer*, Central Valley Community Foundation
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Supporting Small Businesses and Development

Rich Mostert
Director, Small Business Development Center
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Supporting Small Businesses and Development
Access to Capital Panel

Yeri Olivares  
Chief Operating Officer, Fresno Area Hispanic Foundation

Janay Conley  
Business Development, Access Plus Capital

Mayra Contreras  
Community Development Officer, Opportunity Fund

Kiel Lopez-Schmidt  
Central Valley Regional Manager, Community Vision

Lillian Lucero  
SBA Loan Officer, Fresno First Bank
**Venturize.org** is an educational lending platform that gives small businesses increased access to responsible capital by demystifying the lending landscape and providing resources to help you become loan-ready.
Venturize features a variety of tools and resources to help you:

- Understand the basics of small business lending
- Compare loan options
- Learn about the different types of lenders and loans
- Improve your credit score IQ
- Identify questions to ask potential lenders
- Locate a responsible lender near you
Supporting Small Businesses and Development

Venturize Mapping Tool

- Our locator map highlights groups that offer free or low-cost assistance in understanding loan paperwork requirements or getting financially ready to apply for a loan.
- Entrepreneurs can enter their zip code to find local organizations organized by the category of assistance they provide.
Lunch Break

Thank you:

- Small Business Majority
- California Reinvestment Coalition
- CALIFORNIA ASSET BUILDING COALITION
Central Valley Financial Inclusion Summit

Supporting Small Businesses and Development

CalSavers, Retirement Savings Program

Claudia Moreno
Southern California Outreach Manager, Small Business Majority

Jonathan Herrera
Outreach and Marketing Manager, CalSavers Treasurer’s Office
Central Valley Financial Inclusion Summit

CalSavers Retirement Savings Program
July 16, 2019

Jonathan Herrera, Outreach Manager
California Secure Choice Retirement Savings Investment Board
The Problem

• Nearly ½ of Californians are projected to retire into economic hardship -- at or below 2x federal poverty level (UC Berkeley)

• Access Gap: 7.5 million Californians lack a workplace retirement plan (AARP)
  ▪ 2/3 work for small businesses <100 employees
  ▪ 2/3 are people of color
  ▪ 58% are women

See appendix for detailed profile of eligible population
Workforce Access

61% of private sector employees age 25-64 do not have access to an employer-sponsored retirement plan. (UC Berkeley Labor Center)

- Private sector employment increased by 9.5%
- Number of workers with access to a 401k or pension fell 11%

Note: Author’s analysis of CPS ASEC.
Eligibility in the Central Valley

Estimate of Potential CalSavers:

<table>
<thead>
<tr>
<th>County</th>
<th>Firms</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresno</td>
<td>4,000</td>
<td>90,000</td>
</tr>
<tr>
<td>Kern</td>
<td>3,000</td>
<td>89,000</td>
</tr>
<tr>
<td>San Joaquin</td>
<td>2,600</td>
<td>49,000</td>
</tr>
<tr>
<td>Stanislaus</td>
<td>1,400</td>
<td>29,000</td>
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A Solution: Automatic Payroll Deduction Savings

Workers with a payroll deduction savings option are 15 times more likely to be on a path to retirement security.

And 20 times more likely when it’s automatic enrollment. (AARP)
Two Most Powerful Features of SB 1234

1) Employer Requirement:
   All CA employers with 5 or more employees must either:
   • Offer a qualified retirement plan of employers’ choice
   Or
   • Register for CalSavers and facilitate for employees

2) Automatic Enrollment for Employees:
   CalSavers is completely voluntary for employees, but if they don’t opt-out within 30 days of notification, they will be automatically enrolled. May opt-out and back in at any time.
Deadlines for Compliance

- Program Open Fully Statewide (all eligible employers welcome): **July 1, 2019**
- Deadlines for Employers to Register:

  - More than 100 employees: June 30, 2020
  - More than 50 employees: June 30, 2021
  - 5 or more employees: June 30, 2022
Barriers for Small Business

3 hurdles preventing small employers from offering a plan:
- Cost
- Administrative burden
- Fiduciary liability

CalSavers will address all 3:
- No fees for Employers
- Easy to facilitate
- Employers are not fiduciaries
Employer Role

Minimal requirements:
• Register business, designate payroll company if any (Less Than 10 Minutes)
• Upload employee information (Simple Templates Available)
• Facilitate automatic contributions from participating employees (One Transfer)

Employers Do Not:
• Make an employer contribution
• Answer questions about program/participation – refer to program
• Make changes to employee accounts/settings – refer to program
• Provide investment advice
• Encourage or discourage participation
What is CalSavers?

Simple, portable, low-fee way for workers to save and grow their own money.

- **Automatic Payroll Deduction IRA** (Individual Retirement Account)
  - Default: Roth IRA – allows for penalty-free & tax-free withdrawals of contributions
  - Traditional IRA available as an elective option (end of 2019)
  - Default Contribution Rate: 5%, with 1% automatic escalation to 8%
- **Customizable**
  - Savers choose their own contribution rate
  - Savers choose their own investments from a simple 5 option menu
  - Completely voluntary for employees; savers may opt-out at any time
- **Accessible** Mobile app, superb customer service call center, multi-lingual
- **Portable** from job to job
- **Gig Workers**, self-employed, and other individuals welcome to register themselves
What is CalSavers? continued..

• **Zero Cost to State, taxpayers:**
  • Program is self-sustaining with participant fee
  • Most aggressively declining fees among peers; at scale will be among lowest in industry (see detail in appendix)

• **Professionally Managed & Advised** by Ascensus (administrator), State Street Global Advisors and Newton (investments), AKF Consulting, Meketa Investment Group, and K&L Gates

• **Transparently Governed** Most aggressively declining fees among peers; at scale will be among lowest in industry (see detail in appendix)
Saver Eligibility

Employee Eligibility:

• All W-2 employees with CA wages, subject to CA Unemployment Insurance are eligible and must be added to roster – part-time and seasonal included

• 18 years of age or older

• Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN) required
The Power of Compound Interest Scenario

Scenario assumptions: starting salary of $30,000 with 1% salary increase per year; hypothetical rate of return is 5%. Investment returns may vary, are not guaranteed, and assets may lose value.
Pilot Program Feedback

“I'm a businessman. I'm very leery of government [mandates]. But wow, I'm very impressed with CalSavers...This will allow us to attract employees better, and we can better retain them with a retirement [program].” — Lorenzo Harris, Janico Building Services

“What I love about CalSavers is that it is very low impact for me as an employer, but the potential impact for my employees is huge... This tries to address a culture of saving. I have employees who are quite excited about this possibility.” — Christin Evans, The Booksmith
Thank you

Jonathan Herrera, Outreach Manager

www.treasurer.ca.gov/scib
www.calsavers.com
@CalSavers
CalSavers
CalSavers
Next Steps

• If you qualify, join anytime

• Likely that members’ peers, family, and friends will be affected. Please help spread the word.
Partnering for Outreach

- Distribute CalSavers information through your networks (newsletter, email, blog, website, social media, events)

- Identify regional events and opportunities to promote or educate
  - Chamber events
  - Business Associations
  - Financial Capability

- Join the United Way Regional Workgroup and Partner with SBM

- Tell us what you need from us to educate your members
  - Workshops/Seminars
  - Materials
  - Newsletters
How CalSavers Will Help Your Small Business

Claudia Moreno
Southern California Outreach Manager
Small Business Majority
2019
About Small Business Majority


• **National** – 6 offices in Washington, D.C., California, Colorado, Illinois, Maryland and Virginia

• **Focus on issues of top importance to small businesses** (<100 employees) and the self-employed, including access to capital, workforce, healthcare, retirement, taxes, technology and energy savings.

• Work supported by extensive **research**
How CalSavers Will Help Your Small Business

Small business in California

• 3.9 million small businesses
• Employ half of the state workforce—7 million workers
• Most new jobs created by smallest firms—1-4 employees
• Small businesses comprise approximately 99% of all businesses in the state
• **Roughly 80%** of these businesses are micro-businesses (fewer than 10 employees)
The retirement gap

• A majority of Americans—88%—believe the nation is facing a retirement crisis, while 76% are concerned about their own ability to achieve a secure retirement.

• Nearly a third of people who aren’t already retired say they don’t have any money set aside through a retirement plan.

• Median retirement savings is $3,000 for all working households.

• U.S. retirement savings gap estimated at between $6 trillion and $14 trillion dollars.
How CalSavers Will Help Your Small Business

The retirement gap for small business in California

- **66% of the 7.5 million Californians** who don’t have access to employer-sponsored retirement programs work for small businesses with fewer than 100 employees.
- Our polling found **2 in 3 small business owners** in California support a state retirement savings program that will help them and their employees save for the future.
- It's estimated that nearly **300,000 California small businesses** will be able to participate in the CalSavers program and access retirement options.
How CalSavers Will Help Your Small Business

The retirement gap for small business

The three primary reasons small businesses are unable to offer a retirement option include:

- **Cost**: Retirement benefits can cost an employer thousands of dollars a year to establish and maintain.
- **Complexity**: Small employers without an HR department can find the complexity of the retirement marketplace confusing.
- **Liability**: An employer can be held financially liable.
What CalSavers means for employers

• Employers will not contribute to accounts, manage funds or provide financial advice.

• CalSavers will notify employers about how to facilitate employee participation. Employers must have more than 5 employees and NOT offer a tax qualified retirement plan to participate.

• To participate, an employer will provide employee information to the program and remit a payroll contribution to the program each pay period.
What CalSavers means for employers (cont.)

- Employers are NOT:
  - Allowed to contribute to employee account
  - Liable for an employee’s decision to participate in or opt out
  - Liable for investment decisions of participating employees
  - A fiduciary of the program
  - Responsible for the administration, investment or investment performance
  - Liable with regard to program design, investment returns and benefits paid to employees
Why CalSavers is good for small businesses

• Helps attract talented employees and boost employee morale
• Helps employers register employees in a retirement program without overhead and administrative costs
• Offers affordability and convenience for small businesses without an HR department
Interested in learning more about CalSavers?

• You’ll be able to apply in July 2019
  o Call (855) 650-6916 or visit CalSavers.com
  o You will need to provide the following information:
    ✓ Legal Business Name (and DBA if applicable)
    ✓ California Payroll Tax Number
    ✓ Federal Tax ID Number
    ✓ Number of Employees
    ✓ Contact Name, Email Address & Phone Number for the person at your company who will be administering the program
    ✓ Physical Address (and mailing address if applicable)
    ✓ Payroll Provider or Software (if applicable)
Who are small businesses

• Top trusted messengers
  o Polling shows they are more trusted than churches, academic institutions and large corporations

• Our nation’s job creators
  o Small businesses employ half of the private sector workforce

• Politically Diverse
  o 44% identify as Republicans, 29% as Democrats and 20% as independents
What it means to be a spokesperson

• We’re dedicated to ensuring that lawmakers and the media hear from real small business owners on the issues that matter most to small businesses.

• To help you become a small business spokesperson, we can:
  o **Connect you with reporters** to include your voice in news stories on a wide range of issues.
  o **Facilitate meetings with local and national lawmakers** so you can share your experiences as a small business owner.
  o Help **you draft and place op-eds and letters** to the editor on key small business issues in local newspapers.
  o Feature you on **Small Business Majority’s blog or social media pages**.
Small business spokespeople

Where we come in

- Small Business Majority has a network of 58,000 small business owners across the country.
- When we started working to pass SB 1234, we began reaching out to our California small business owners.
- We connected small business owners who said they were interested in a state-sponsored retirement program to the CA Secure Choice Board and later to the CalSavers Team.
- We were successfully able to enroll 50% small businesses in the CalSavers pilot program through our network.
In 2016, small business owner Christin Evans started attending hearing to talk about how passing SB 1234 would positively impact small biz owners.

In summer of that year, she was featured on CBS SF Bay Area promoting the importance of SB 1234.

Christin joined policy makers and Small Business Majority at the launch of the CalSavers pilot program in November 2018.
Small business spokespeople

How small business owners got CalSavers off the ground

• In June of 2018, small business owner Zachary Davis was featured in a video by AARP California promoting the CalSavers Program

• In December, his business was featured in an article in the SF Chronicle
How small business owners got CalSavers off the ground

- In November 2018 Small business owner Lorenzo Harris became the first small business owner to enroll in the CalSavers program, leading the way for many of his peers.
- He has been featured in over 15 news articles and videos.
- Lorenzo spoke at the launch of the pilot program and again at the official CalSavers launch on July 1, 2019.
Join Our Network

Ways to get involved:

• Receive a monthly newsletter
• Share your story for media requests
• Letters to the editor/Op-eds
• State events/Roundtables
• Fly-ins
• Webinars for business organizations

Connect with us!

Small Business Majority
@SmlBizMajority
smlbizmajority
Round 1: How can vulnerable populations better access to financial services/products?

Round 2: Which of these strategies/activities would you prioritize for the Central Valley? How would you improve upon them?

Round 3: What key partnerships are needed to better connect people to financial products/services? How can we use active referrals among partners to increase access?

Round 4: How could we overcome potential challenges to proposed solutions strategies?
Community Reinvestment Act

Jeremy Hofer, Sr. Business Development Officer, Self Help Federal Credit Union

Rawan Elhalaby, Senior Economic Equity Program Manager, The Greenlining Institute

Vijay Das, National Policy and Communications Director, California Reinvestment Coalition
About Self-Help FCU

Creating and protecting ownership and economic opportunity for all, especially people of color, women, rural residents and low-wealth families and communities.

- 80,000 members
- 29 branches – 6 in CV
- More than $1 billion in assets to invest in the communities we serve.
Who We Serve

Loans to:

- Low-Income Borrowers: 74%
- People of Color: 84%
- Women: 68%
- Rural Areas: 25%
- Underserved Areas: 50%
Our impact in the San Joaquin Valley

• 6 full-service branches
• Plans for a Sacramento branch
• $318 Million deployed through 16,429 responsible loans
• 1132 affordable home loans
• 14,869 consumer loans

• 74% loans to low-income individuals and families
• 84% loans to people of color

• Growth of Commercial Lending in the Valley...
Commercial Lending

- Working in Key Sectors:
- Community Facilities / Non-profits
- Redevelopment / revitalization of downtown cores
- Faith Communities
- Public Charter Schools
- Rural Medical Facilities
- Healthy Food Finance
- Clean Energy
Investment Priorities

- Increased Access: Branch Expansion
- Home Ownership for all
- Community Development Lending
- Advocacy to encourage responsible lending
Central Valley Financial Inclusion Summit

Closing Remarks

Sabrina Hamm
Statewide Managing Director, California Asset Building Coalition
Thank you to our Sponsors
Thank You!

Central Valley Financial Inclusion Summit

SMALL BUSINESS MAJORITY

California Reinvestment Coalition

the central valley urban institute

CALIFORNIA ASSET BUILDING COALITION