

## **PNC Bank Gains New Customers through Partnership with Delaware Earned Income Tax Credit Campaign**

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**Summary:** PNC Bank Delaware is participating for the third year in a public-private nonprofit partnership in Delaware designed to increase the percentage of families who collect the Earned Income Tax Credit (EITC) and participate in asset-building strategies.

PNC Bank offers free savings accounts opened on the spot to clients at VITA tax-preparation offices so that their EITC payments can be electronically deposited. Last year, PNC opened 143 new accounts through this program, with an average deposit of \$1100. Nearly one year later, 64 of these accounts, or 44.8 %, are still active, with an average balance of \$315.

### **1) The Delaware EITC Campaign**

The Delaware Earned Income Tax Credit Campaign promotes awareness of the federal EITC to low-income workers statewide and offers free e-file income tax preparation, savings accounts, money management workshops, and state services to working families in Delaware.

The Campaign was initiated in one of Delaware's three counties in 2002 (for tax year 2001). The following year, 2003, it went statewide. Last year 200 volunteers were trained by the IRS and assisted 2846 low-income taxpayers in Delaware, generating almost \$4 million in tax refunds. The service goal for this year is 5,000 low-income taxpayers.

### **2) PNC Bank's Involvement**

Delaware's EITC Campaign is a partnership with the governor, state treasurer, the city of Wilmington, the IRS, the Federal Reserve Bank of New York, the banking community, and numerous business, nonprofit, faith-based, and governmental organizations in Delaware. The program is managed by the nonprofit organization Nehemiah Gateway Community Development Corporation, under the leadership of its impressive executive director, Mary DuPont.

We realized that PNC Bank's participation in the EITC campaign would be beneficial to low-income taxpayers, the community, and our bank. It seemed like a win-win situation for all, and we decided to give it a try.



**Unbanked taxpayers** benefit from the free savings account in numerous ways:

- Their tax return can be filed electronically and the money can be automatically deposited. That speeds up the receipt of funds.
- Low-income clients are not preyed upon by for-profit tax-preparation sites offering tax refund loans and/or charging high tax-preparation fees.
- Money being deposited into a savings account may encourage recipients to save a portion of the tax credit and help them to get into the savings habit.
- The free account for one year saves the individual the \$3 monthly service fee for any month in which the account balance goes below the \$300 minimum.
- In addition, the new bank accounts save formerly unbanked workers the money they would previously have spent on check-cashing services. Fees for cashing checks can be as high as 10 to 20 percent of the check amount.

**The community benefits** when more low-income taxpayers collect the EITC

- The EITC brings more children out of poverty each year than any other federal program.
- The IRS estimates that more than \$16 million of EITC went unclaimed in Delaware in 2001. Imagine the impact that money could have had in the health of Delaware communities if it had been put into the hands of the families that needed it!

**The bank benefits** by

- Gaining new customers. (Approximately one year after the free accounts were opened, 44.8% of these accounts were still active, with an average balance of \$315.)
- PNC Bank Delaware also made a few recoveries from former customers whose prior accounts were closed with a deficit balance.

**Additional benefits through bank participation in EITC Program:**

This year, PNC Bank is also working in partnership with Nehemiah Gateway CDC to offer a new loan program for car purchase: Ways to Work. Ways to Work is a replication of a national model that is being offered in 38 communities throughout the country.

PNC Bank makes the loans to borrowers, who are able to establish a relationship with a bank and a credit history. There is no risk to the bank because



the Nehemiah Gateway backs the loans 100 percent with the deposit of a loan loss reserve.

### 3) **The Value to the Community of EITC Programs and Bank Participation**

The same type of program that Delaware has established could be offered nationwide through partnerships between banks and nonprofit agencies. Low-income taxpayers, communities, and participating banks could realize the same benefits as we have in Delaware.

As an indicator of the potential economic impact this program could have, here are some important statistics:

- For the year 2001, it was estimated that nationwide the EITC boosted earnings for more than 18 million low-income working families by more than \$30 billion.
- The EITC can make a significant difference in income. For example, a single parent with two children who works full time at \$5.15 per hour is eligible for an EITC of \$4,120, effectively raising hourly wages to \$7.21 per hour.

Some indicators that may help you decide if an EITC program would be beneficial in your state:

- Families in urban and rural areas are the most likely to earn the EITC.
- In 36 states, an estimated 10 to 20 percent of filers claim the EITC.
- Between the tax years 2000 and 2002, the number of families claiming EITC increased by 8 percent, due to the economic downturn as well as to increased efforts by states to promote the EITC.

The Brookings Institute website provides survey data on some regions of the U.S. and the impact of the EITC in those areas.

### 4) **Specifics on how the program worked in Delaware**

The first, pilot year of the free accounts for Delaware EITC recipients did not work well because the low-income taxpayers had to come into a branch to open an account. This proved to be a tremendous turn-off and only two accounts were opened that year.

Last year, the second year of the program, PNC Bank Delaware initiated an 800 number that managers at the Delaware VITA sites could call to get an account number on the spot for the taxpayer. The customer was then given an account-opening kit to fill out and mail into the bank. Once the account was opened, the tax credit could be electronically deposited for the customer.



Last year, 183 people got account numbers with PNC through the VITA sites and 143 of those followed through with the paperwork to actually open an account. (This year our goal is 250 new accounts.)

Deposits to those 143 accounts last year ranged from \$1 to \$5189. The average deposit was \$1100.

While the unbanked taxpayer can choose to open an account at any bank for deposit of the EITC, only PNC Bank offered the free accounts with the opportunity to open an account right then, when the tax form was being prepared. The ease of opening the account appears to be an important incentive.

## 5) Important Components for Success of an EITC Program

- Central organization of the EITC program effort is essential. A strong, organized, nonprofit partner should serve as the umbrella group of the larger effort, of which the bank is one part. This nonprofit facilitator must have expertise in financial topics, established connections in the community, and the ability to find, train, and manage quality volunteers. The ability to be detail-oriented is also essential. (If no such partner exists, the bank may want to build that capacity in one of its current nonprofit partners.)
- To gain the trust of low-income taxpayers, the facilitator nonprofit as well as the participating nonprofit and business partners must have good reputations, credibility in the community, and a supportive attitude toward the project. The volunteers themselves must be well trained.
- The VITA sites must be in easily accessible community locations and must be open convenient hours, meaning evenings and weekends. Some suggested sites are libraries, community centers, and churches.
- The program must be well publicized. This year, 6000 flyers about the program have been distributed in Delaware. The statewide 800 Helpline number appears on the flyers and operators are able to answer questions about the EITC program.
- Last year, the kick-off for Delaware's EITC program was held in a large shopping center—with the governor, state treasurer, city mayors, and other community leaders present. The support of government leaders is very important. When government leaders support the program, it encourages nonprofits as well as individuals to participate.
- The bank must be available to offer technical assistance and perhaps to offer grants to assist the nonprofit organization with training and supplies. Bank employees could also be VITA volunteers.



## 6) Lessons Learned about the Bank's Participation

- The first, most important lesson that PNC Bank learned was that it had to be easy to open a bank account on the spot, so that the unbanked taxpayer had an account number then and there in order to complete the tax form and submit it electronically for the tax credit.
- One problem we are just becoming aware of is that some people who opened accounts last year and then closed them are asking to open accounts again this year for free. It is obviously too costly for the bank to keep opening and closing accounts.  
We need to set some policy for preventing this from happening in the future.
- The free savings account for EITC taxpayers is an ad hoc program of PNC Bank Delaware with the support of the National Financial Services Center in Pittsburgh. As such, it must be done manually, which can allow errors to creep in.  
The potential for errors is greatly reduced if an automated system is used. If a manual system is used, it should be carefully monitored.
- The goal of increasing savings among low-income taxpayers needs to be reinforced more.

## 7) Plans for Future

After this tax season, PNC Bank Delaware plans to do an analysis of our participation in the EITC program to see how it is working. Does it make economic sense for us to continue to participate? Should we expand the program to PNC Bank's other markets? If so, what refinements need to be made?

We know that if we can get these new customers into the savings habit, it will be a real boon to everyone involved. We are currently considering follow-up letters and financial literacy classes for these new savings customers.

# How the Earned Income Credit Boosts Wages For Families Raising Children

## Single Parent With Two Children - Full-Time Work

Hourly Wage	Annual Income @ 40 Hrs	EIC 2+Child	Income: Wages plus EIC	Hourly "Wage" With EIC	2003 Monthly Advance Payment
\$5.15	\$10,300	\$4,120	\$14,420	\$7.21	\$126
\$5.50	\$11,000	\$4,140	\$15,140	\$7.57	\$126
\$5.75	\$11,500	\$4,140	\$15,640	\$7.82	\$126
\$6.00	\$12,000	\$4,140	\$16,140	\$8.07	\$126
\$6.15	\$12,300	\$4,140	\$16,440	\$8.22	\$126
\$7.00	\$14,000	\$4,039	\$18,039	\$9.02	\$126
\$7.50	\$15,000	\$3,828	\$18,828	\$9.41	\$117
\$8.00	\$16,000	\$3,618	\$19,618	\$9.81	\$109
\$8.50	\$17,000	\$3,407	\$20,407	\$10.20	\$101
\$9.00	\$18,000	\$3,197	\$21,197	\$10.60	\$93

## Single Parent With Two Children - Part-Time Work

Hourly Wage	Annual Income @ 40 Hrs	EIC 2+Child	Income: Wages plus EIC	Hourly "Wage" With EIC	2003 Monthly Advance Payment
\$5.15	\$5,150	\$2,060	\$7,210	\$7.21	\$87
\$5.50	\$5,500	\$2,200	\$7,700	\$7.70	\$93
\$5.75	\$5,750	\$2,300	\$8,050	\$8.05	\$97
\$6.00	\$6,000	\$2,400	\$8,400	\$8.40	\$102
\$6.15	\$6,150	\$2,460	\$8,610	\$8.61	\$104
\$7.00	\$7,000	\$2,800	\$9,800	\$9.80	\$118
\$7.50	\$7,500	\$3,000	\$10,500	\$10.50	\$126
\$8.00	\$8,000	\$3,200	\$11,200	\$11.20	\$126
\$8.50	\$8,500	\$3,400	\$11,900	\$11.90	\$126
\$9.00	\$9,000	\$3,600	\$12,600	\$12.60	\$126

Earned Income Credit for Work in 2002: full-time = 2000 hours of work  
 Advance Payment amounts are taken from IRS Pub. 15 Employer's Tax Guide  
 and will vary slightly according to payroll method (weekly, bi-weekly, etc.)

# The Nehemiah Gateway Community Development Corporation

## A Project of Shiloh Baptist Church

201 W. 23<sup>rd</sup> Street, Wilmington, DE 19802, telephone 302-655-0803, fax 302-655-8372, info@nehemiahgateway.org

### **Delaware Earned Income Tax Credit Campaign**

The Nehemiah Gateway Community Development Corporation (NGCDC) coordinates efforts among a broad array of organizations from the public, private, and non profit sectors to:

- Promote the federal Earned Income Tax Credit to workers with household incomes under \$33,000
- Offer free income tax preparation and financial literacy for EITC taxpayers
- Provide free savings accounts to unbanked workers and
- Offer Individual Development Accounts (matched savings) for asset investments of homeownership, post secondary education or small business development and an array of other complementary services that promote economic self sufficiency.

### **Summary of Program Activity**

Over the past year, the Delaware EITC Campaign grew from one site in New Castle County in 2002 to twelve tax sites statewide in 2003. In order to fulfill the goals of the expansion, all aspects of the Campaign were enhanced including the level and intensity of the partnerships, marketing strategy, staffing and volunteer pool, funding, and adjunct services. Below is a summary of the progress made in the last 12 months.

During the 2003 EITC Campaign, 250 NGCDC volunteers prepared and filed 2,847 tax returns and generated a total of \$3,639,363 in federal refunds and over \$500,000 in state refunds. We also filed 2779 Delaware state returns, 91 Maryland returns, and 120 Pennsylvania returns. The average gross income per client was \$19,161.56

During the tax season, NGCDC also opened 100 IDA accounts to help low income workers invest in home ownership, post secondary education, small business development, or a home computer and we facilitated the opening of 180 new savings accounts at PNC Bank for unbanked workers.

### **The EITC Campaign**

#### **Promoting Awareness of the EITC**

NGCDC launched a major marketing campaign to promote awareness of the Earned Income Tax Credit and the Child Tax Credit to low income workers in Delaware. This effort included the distribution of 500,000 flyers to shoppers at every supermarket and Wawa store in Delaware. Flyers were also disseminated through numerous employers as payroll stuffers; to customers of the state of Delaware through the Dept. of Labor, Health & Human Services, and Family Youth and Children; and through the United Way to the member agencies statewide.

In addition to the flyer distribution, NGCDC conducted an extensive media campaign through constant public service announcements, the publication of articles, free continuous print advertising, and appearances on talk show. The list of media sponsors is included in the partnership list below. The Delaware Helpline also played an active role informing the community as the point of contact for the Campaign. The media campaign was launched by a major press conference, conducted by the Governor, State Treasurer,

Mayor Baker, and NGCDC at the Shop Rite in Stanton. Over 200 volunteers, Campaign partners, and media representatives attended the press conference.

The free tax sites in the Delaware EITC Campaign played an important role as a front end to link low-income workers with financial services that can help them along the path to economic self sufficiency. In addition to free tax preparation, customers received a complete package of materials along with a one-on-one presentation of the other products and services available through the Campaign.

## **Financial Services**

### **Bank Accounts**

For those who needed a bank account, PNC Bank dedicates an 800 number to the Delaware EITC Campaign to open savings accounts by phone. Volunteers place the call and the taxpayer is interviewed by a PNC customer service representative to open the account. An account number is assigned and entered on the tax return to facilitate the direct deposit of the refund. This service helped 180 taxpayers to open savings accounts. Helping unbanked workers to get bank accounts saves them thousands of dollars each year on check cashing services, resulting in more money for them and the community.

### **Financial Literacy**

At each tax-site, customers watch the “It’s Your Money” video and receive a companion brochure on basic money management tips. This video was especially produced for use in EITC tax sites by a professional film studio. It features four compelling vignettes showing real life stories in which characters deal with issues of checking, savings, budgeting, and credit history. The 15 minute video plays in a continuous loop to entertain taxpayers who are waiting to have their taxes done. Referrals are also made to the “Money School,” an on-going schedule of workshops on a broad range of financial topics presented by volunteers, organized by the Delaware State Treasurer, in locations throughout the state.

### **Loans**

In the upcoming season, NGCDC is promoting the availability of consumer loans to invest in used cars or other needs that help workers to stay employed. This loan program, called Ways to Work, is a replication of a national model that is being offered in 38 communities throughout the country. The loans are made by a major financial institution so that borrowers are able to establish both a relationship with a bank and a credit history. NGCDC backs the loans 100% with the deposit of a significant loan loss reserve. It is expected 80 loans will be made in the first year and 300 over a three year period.

### **State Services**

In addition to the financial services described above, the Campaign also makes referrals to state services that could help underwrite the costs of basic household expenses and daily needs such as food stamps, state funded health benefits for adults and children, and fuel assistance.

## **Campaign Partners and Volunteers**

Although the scope and scale of the Campaign is huge for little Delaware, NGCDC has been able to control the costs of this initiative by working with a wide array of public, private, faith-based and non profit partners who donated generously their time and resources. For example, the media donated free continuous public service announcements and feature stories throughout the season; the Delaware Helpline handled all inquiries from the public about the Campaign through their 800 number; the Delaware Food Industry Council composed of all of Delaware's supermarkets and convenience stores distributed flyers to every customer with each order; McDonald's restaurants throughout the state created and used tray liners about the Campaign; corporations and faith based organizations recruited volunteers; FastSigns donated huge banners for each of the 12 tax sites; the IRS provided free software, computers, and training for tax preparer volunteers. In addition to these project partners, NGCDC recruited 250 volunteers from the corporate and faith based communities to work as tax preparers and greeters in the taxsites. The staffing structure of the EITC Campaign is a pyramid with the Executive Director at the top, flanked by two seasonal full time campaign coordinators who work from September through April in the northern and southern parts of Delaware. During the season, 10 site coordinators, are employed to manage the tax sites, and 200 volunteers are recruited, trained, and deployed to do tax preparation and work one on one with customers to link them to auxiliary services.

## **Costs, Value, and Leverage:**

The design of EITC Campaign is a unique model in the world of non-profit programs. This is a program where every dollar spent was leveraged 2:1 through the value of donated time and resources. The actual value of the campaign amounted to \$475,000 as described below, however, less than one third of this or \$140,000 was actual cash invested into the operations. In addition, every dollar spent on the Campaign brought in \$25.7 in federal dollars directed to the working poor. On top of that, the dollars spent on operations saved low-income tax payers \$600,000 in tax preparation and rapid refund loan fees.

**Raised:** \$140,000 cash for campaign staffing, supplies, and flyers.

**In-Kind Contributions:** \$200,000 estimated in free unlimited marketing, artwork, radio, TV and print ads, telephone answering services, customer booklets, paper, ink cartridges, software, computers, space, security, consulting services (technical support, training, trouble shooting), volunteer appreciation events

**Volunteer hours:** \$135,000 for 9,000 hours of volunteer labor. 200 active volunteers x 3 hours minimum per week (many did much more) = 600 volunteer hours per week x 15 weeks = 9,000 volunteer hours. If each volunteer was paid \$15/hr, then they donated \$135,000 in time.

## **Total Project Operation Value**

140,000 - Donations

200,000 – In-Kind Contributions

135,000 – Volunteer hours

**475,000 - Total Project Value**

## Total Funds Generated, Benefiting Low Income Families

\$4 million in tax refunds invested into families

600,000 in tax prep fees saved by families

## EITC Strategic Partnerships

- Governor Ruth Ann Minner: Conduct press conference with State Treasurer and Mayor to launch the campaign, help to arrange for dissemination of information through state agencies. Dedicate staff time to campaign coordination and funding to support marketing efforts.
- State Treasurer Jack Markell: Public “Champion” of the Campaign. Conduct press conference with Governor and Mayor for launch, help to make connections to other stakeholders, market campaign on website, and help to coordinate financial literacy workshops through the Money School, put payroll stuffers in paychecks of all state employees.
- Mayor James Baker: Press conference for launch, dedicate staff time to help with planning and marketing strategies, use Wilmington cable station to promote campaign, put payroll stuffers in paychecks of city employees, put stuffers in real estate and water bills for city.
- Non Profit Tax Sites: Boys & Girls Clubs of Delaware (Newark, Seaford, and Milford branches), Neighborhood House in Southbridge neighborhood of Wilmington, Westside Health Center at 4<sup>th</sup> and Scott Streets in Wilmington, PAL Center at 38<sup>th</sup> and Market Streets in Wilmington, YMCA of Delaware at 12<sup>th</sup> and Walnut Streets in Wilmington.
- The Interdenominational Ministers Action Council (IMAC) – promote campaign through church bulletins to organizations members, disseminate flyers to church members
- The Catholic Campaign for Human Development – provide funding for operations and conduct a volunteer recruitment drive through publications and presentations circulated throughout the Archdiocese.
- The Speer Trust – provide funding for operations and help with volunteer recruitment by linking the Campaign with numerous Presbyterian churches in the Delmarva Presbytery.
- The National Association of Black Accountants, Inc. – Greater Wilmington Chapter – recruit volunteer tax preparers through membership.
- JP Morgan Chase – conduct internal volunteer recruitment drive for tax preparers and participate on Advisory Committee, provide funding for the Campaign.
- Citigroup – sponsor 15 minute continuous loop financial literacy video for use in tax sites, participate on Advisory Committee, coordinate auxiliary services in tax sites, produce client booklets with information and materials about auxiliary services.
- First USA Bank (Bank One) - participate in Advisory Committee and help to develop marketing strategy
- Citizen’s Bank – provide funding for operations.
- PNC Bank – offer free savings accounts and participate on Advisory Committee
- Discover Bank – help Campaign to make linkages downstate and fund downstate operations

- The Delaware Help Line – Provide support for the Campaign by receiving all phone calls and referring customers to tax sites.
- The Delaware Food Industry Council – A trade group of all Delaware based supermarkets and convenience stores disseminates flyers with information about the EITC and the free tax sites to shoppers throughout the state in December and January.
- McDonalds – McDonald’s restaurants uses EITC Campaign tray liners to promote the EITC and free tax sites statewide.
- The Delaware Community Reinvestment Action Council –participate on Advisory Committee, promote campaign on monthly TV show, and help coordinate and market financial literacy workshops, volunteer recruitment of bi-lingual volunteers
- The Delaware State Chamber of Commerce – promote campaign to chamber members through internal email and publish an article in monthly publication, arrange for presentation to the retail council
  - The Delaware State Chamber Retail Council – the following members of the Retail Council distribute EITC flyers to employees and shoppers:
    - Happy Harry’s
    - Shop Rite of Delaware (3 stores)
    - Pathmark (4 stores)
    - Walmart (New Castle County store)
    - Boscov’s (Christiana store)
- The Delaware Society of CPA’s- promote campaign to members and recruit volunteers through monthly newsletter. Mobilize accounting firms to work with the Campaign.
- The Delaware Ecumenical Council – promote campaign to 600 faith based members
- United Way of Delaware – market program to United Way agencies and encourage full participation by directing customers to free tax sites.
- Delaware Community Foundation – help to recruit volunteers and secure tax sites downstate.
- The University of Delaware, School of Business –recruit volunteers through School of Business
- The Federal Deposit Insurance Corporation (FDIC) – participate on Advisory Committee
- The US Internal Revenue Service – provide support for coordination of tax sites and refer volunteers, participate on Advisory Committee, provide laptops for electronic filing and training for volunteers, and provide free marketing through public service announcement and paid ads for the Campaign
- The News Journal, The Cape Gazette, The Dover Post and affiliates, WILM-Radio, WJBR – Radio, WDAS- Radio, Power 99 – Radio, Channel 6 WPVI Television, Univision - ongoing free ads, stories, and PSAs about the EITC Campaign between October and April.
- The Metropolitan Wilmington Urban League – participate on Advisory Committee, help to market campaign to various organizations

## DE EITC Campaign Impact and Services

Facts about EITC in DE from the Brookings Institution shows growth in EITC numbers and percentage since the Campaign started.

	<b>Tax Year 2000</b>	<b>Tax Year 2001</b>	<b>Tax Year 2002</b>
<b>Total Returns</b>	370,036	372,065	375,482
<b>EITC Returns</b>	47,310	48,276	52,680
<b>EITC Refunds</b>	\$77,402,209	\$80,154,466	\$90,075,789
<b>% EITC</b>	12.8%	13%	14.7%

### **Free Tax Preparation**

Help workers get the EITC in 16 free tax locations statewide, staffed by 400 trained volunteers. All returns are electronically filed for quick turn around. Last year, the first year the program was statewide, 2,847 taxpayers were served. This year the goal is 5,000.

### **Promote Awareness of the EITC**

Distribution of 600,000 flyers through state agencies, supermarkets, door to door, payroll stuffers, non-profits, churches, and schools. Public service announcements on radio and TV and ads and stories in major and community press.

### **Free PNC Savings Accounts**

To facilitate direct deposit, PNC is offering free savings accounts to any free tax site customer. Accounts are opened on the spot using an 800 number dedicated to the Campaign by PNC. This service helped 180 taxpayers to open savings accounts. Helping unbanked workers to get bank accounts saves them thousands of dollars each year on check cashing services, resulting in more money for them and the community. At the taxsites 180 bank accounts were also opened. The goal for this year is 250 PNC savings accounts.

### **Financial Literacy**

At each tax-site, customers watch the "It's Your Money" video and receive a companion brochure on basic money management tips. This video was especially produced for use in EITC tax sites by a professional film studio and Citicorp Trust Bank fsb. It features four compelling vignettes showing real life stories in which characters deal with issues of checking, savings, budgeting, and credit history. The 15 minute video plays in a continuous loop to entertain taxpayers who are waiting to have their taxes done. Referrals are also made to the "Money School," an on-going schedule of workshops on a broad range of financial topics presented by volunteers, organized by the Delaware State Treasurer, in locations throughout the state.

### **Loans**

Customers will be made aware of a new loan program for car purchase which is available through the Nehemiah Gateway CDC. Ways to Work, is a replication of a national

model that is being offered in 38 communities throughout the country. The loans are made by PNC Bank so that borrowers are able to establish both a relationship with a bank and a credit history. NGCDC backs the loans 100% with the deposit of a significant loan loss reserve

### **Individual Development Accounts (IDAs)**

Each customer is introduced to the Delawareans Save program when they come to the taxsite. IDAs are matched savings accounts that provide low income taxpayers with a 1:1 match of \$1,500 for investments in home ownership, post secondary education, or small business development. Taxpayers are also introduced to the TechnoSave program which offers smaller matches for savers to invest in a refurbished computer.

### **Computers**

Taxsite customers get information about how to purchase a computer package that includes a refurbished Pentium II loaded with Windows 2000 and Microsoft Office Suite and a new printer for \$295. This offer has been extended to the EITC Campaign through PerScholas, a non-profit technology recycling organization in New York.

### **State Services**

The Campaign makes referrals to state services that could help underwrite the costs of basic household expenses and daily needs such as food stamps, state funded health benefits for adults and children, and fuel assistance.

### **Communicating to Taxpayers About Complementary Services**

All of the information and referrals mentioned above are combined into the DE EITC Campaign's "Resource Packet," which is presented to each customer in a one-on-one meeting by a trained volunteer Site Leader. As a result of this personal approach to service linkage, last year our customers had very positive reaction to the overall package. During and following tax season, the demand for IDAs jumped in Delaware.

For more information, call Mary Dupont at the Nehemiah Gateway Community Development Corporation at 302-655-0803.

# **FRESH START CHECKING**

*(A community outreach product offered By NEVADA STATE BANK)*

***Fresh Start Checking*** is an account designed to give a fresh start to consumers who previously have had problems with checking accounts, due to their inability to manage their accounts properly. This premise was initially suggested to NSB by Consumer Credit Counseling Service of Southern Nevada, who is our educational partner with this product. ***Fresh Start Checking*** is unique and breaks with the traditional image of banks, where mistakes are never forgiven or forgotten.

It was recognized certain consumers were prohibited from having a checking account, as they had been forcibly closed and reported to Chexsystems and other similar agencies. Banks, concerned about potential risk of loss due to repeat offenders, chose to decline these individuals if there was a record. As a result, these consumers were forced to rely on cash, money orders, or cashier's checks to pay their bills. Along with the costly purchase of these instruments, they cannot have access to direct deposit from their employers for their payroll, pay bills on the internet, nor have a structured record of their finances. In addition, these consumers received no training on how to prevent future occurrences of the same types of problems which initially lead to the closures of their accounts.

The main objective of ***Fresh Start Checking*** is to provide a second chance to consumers with basic banking training and specific "how to" instructions to maintain a check register accurately and reconcile their statements. With proper education and close monitoring, the bank assumes minimal risk, while providing a substantial need in the market place. The training not only increases the chances of success, but also introduces the "problem" customer to an agency where more extensive training is available, such as budgeting and debt counseling, at little or no cost.

Las Vegas is considered to be the fastest growing city in the nation. Along with growth comes an increased responsibility of banks to provide for the diverse needs of its community. A target program such as this aids consumers, while providing education in finances and budgeting, which enhance the quality of the consumer's financial life. The following pages outline the Fresh Start Checking program and the roles played by the consumer, by Nevada State Bank, and by the bank's partner in this project, Consumer Credit Counseling Services of Southern Nevada.

# **FRESH START CHECKING**

*(A community outreach product offered By NEVADA STATE BANK)*

## ***FRESH START CHECKING***

### **PROGRAM OUTLINE**

- ❖ **Account Requirements—former NSB customer**
  
- ❖ **Account Requirements—other banks' customer**
  
- ❖ **Benefits for the customer**
  
- ❖ **Benefits for the bank**
  
- ❖ **Monitoring reports**
  
- ❖ **Statistics for 2003**

# FRESH START CHECKING

(A community outreach product offered By NEVADA STATE BANK)

## ACCOUNT REQUIREMENTS (former NSB Customer)

- ❖ Verify the customer has a record with Chexsystems. Note: reports involving fraud or ATM/Debit card abuse will not be considered for this program.
- ❖ Complete and submit a training seminar registration form with Consumer Credit Counseling of Southern Nevada, along with a nominal fee of \$20.00. This fee offsets the cost of providing the training, the cost of the certificate of completion, and the cost of handouts. Registration forms are available at all bank branches.
- ❖ Complete the one hour course. Courses are held three times a month in English, and one time a month in Spanish. Each person who will be on the account must attend the seminar; payment of one attendance fee will cover all signers if they attend the same seminar.
- ❖ Provide Certificate of Completion of the “Fresh Start Checking” seminar held by CCCS.
- ❖ Repay 100% of any bank loss incurred with the previous account. This refers to actual “hard dollar” losses, not charged off fees.
- ❖ Commit to pay 50% of outstanding fees owed the bank, or a maximum of \$100.00, whichever is less. (While the bank encourages the client to pay the entire discounted amount of fees owed at the time of opening the new account, a commitment by the customer to pay all fees before the end of the one-year account term is acceptable.)
- ❖ Deposit the minimum \$25.00 to open the account.
- ❖ ATM card upon request. A debit card may be applied for upon satisfactory completion of the one year account program.
- ❖ The customer is notified a monthly fee of \$5.00 will be assessed, while classified as a *Fresh Start Checking* account.
- ❖ If the account is managed satisfactorily for one year, and all monies due to the bank have been paid, the customer receives a congratulatory letter telling them they have completed the program and may come in to reclassify their account to more suitably meet their needs (interest bearing accounts, free checking, etc.)
- ❖ Chexsystems will be contacted to remove information reported by NSB on the customer’s previous account closure.

# FRESH START CHECKING

(A community outreach product offered By NEVADA STATE BANK)

## ACCOUNT REQUIREMENTS (former customer of other banks)

- ❖ Verify the customer has a record with Chexsystems. Note: reports involving fraud or ATM/Debit card abuse will not be considered for this program.
- ❖ Submit a letter of verification from the other bank, which notes all monies owed have been paid.
- ❖ Complete and submit a training seminar registration form with Consumer Credit Counseling of Southern Nevada, along with a nominal fee of \$20.00. This fee offsets the cost of providing the training, the cost of the certificate of completion, and the cost of handouts. Registration forms are available at all bank branches.
- ❖ Complete the one hour course. Courses are held three times a month in English, and one time a month in Spanish. Each person who will be on the account must attend the seminar; payment of one attendance fee will cover all signers if they attend the same seminar.
- ❖ Provide Certificate of Completion of the “Fresh Start Checking” seminar held by CCCS.
- ❖ Deposit the minimum \$25.00 to open the account.
- ❖ ATM card upon request. A debit card may be applied for upon satisfactory completion of the one year account program.
- ❖ The customer is notified a monthly fee of \$5.00 will be assessed, while classified as a *Fresh Start Checking* account.
- ❖ If the account is managed satisfactorily for one year, and all monies due to the bank have been paid, the customer receives a congratulatory letter telling them they have completed the program and may come in to reclassify their account to more suitably meet their needs (interest bearing accounts, free checking, etc.) NOTE: NSB does not contact Chexsystems, as the report originated from another bank. The record stays in place.

**NOTE:** A customer who has an insufficient check will receive a warning of closure. If the customer continues to abuse the account, the account will be closed with the 3<sup>rd</sup> instance. No further chance to retake the class or rectify will be allowed.

# **FRESH START CHECKING**

*(A community outreach product offered By NEVADA STATE BANK)*

## **BENEFITS FOR THE CUSTOMER**

- ❖ Education provided to ensure success with the program
- ❖ Exposure to enhanced education on budgeting and debt management, along with first time homebuyer courses, through Consumer Credit Counseling of Southern Nevada.
- ❖ Low opening \$ requirement: \$25.00.
- ❖ No minimum balance required to maintain.
- ❖ Provides a low-fee checking account, at \$5.00 per month.
- ❖ Duplicate checks to aid in reconciliation (checks are truncated).
- ❖ Provides opportunity for Direct Deposit of payroll
- ❖ ATM card provided. A debit card may be applied for upon satisfactory completion of the one year account program.
- ❖ Save money previously spent on money orders and cashier's checks.
- ❖ Save money on cashing of checks at high interest check cashing businesses.
- ❖ Establishes credibility with the bank in terms of future products and services.
- ❖ Provides a sense of accomplishment and integrity to customers who had previous problems.

# **FRESH START CHECKING**

*(A community outreach product offered By NEVADA STATE BANK)*

## **BENEFITS FOR THE BANK**

- ❖ Unique product only offered by NSB in Nevada, which provides a market edge.
- ❖ Recovery of previous charge off hard dollars and fees.
- ❖ Provides deposit dollars to the bank.
- ❖ Provides additional fee income to offset minimal risk and monitoring.
- ❖ Provides CRA service credit for the bank.
- ❖ Creates awareness in the community of a bank helping the community with a product not tied to bottom line profit.
- ❖ Provides low to moderate income clients with alternatives and education at reasonable cost. It has been recognized that many customers who take advantage of this product fall into this category.
- ❖ Reduces cost of bank education programs by establishing a partnership with Consumer Credit Counseling Services of Southern Nevada.
- ❖ Provides a target customer base for future products and services.

# **FRESH START CHECKING**

*(A community outreach product offered By NEVADA STATE BANK)*

## **MONITORING REPORTS**

- ❖ Accounts are coded by a specific type code.
- ❖ Reports are generated daily for overdraft activity on these accounts. These are centralized in the Operations Department.
- ❖ Warning letters issued by the Operations Department
- ❖ Closures completed by the Operations Department
- ❖ Monthly reports of accounts opened are submitted to the CRA officer for compilation.
- ❖ CCCS provides reports of attendees.
- ❖ Monthly reports of closures due to NSF activity or closures precipitated for other reasons are provided to the CRA officer.
- ❖ CRA officer provides quarterly reports to the President and Board of Directors to monitor deposit rate, success rate, loss rate, and fee income statistics.

