Financial Inclusion Summit: Chicago

Slide 1: Title
Financial Inclusion Summit: Chicago
October 25, 2016

Slide 2: Welcome and Introductions (1 of 5)
Welcome and Introductions
Michael Morris
Executive Director
National Disability Institute

Slide 3: Welcome and Introductions (2 of 5)
Welcome and Introductions
Mayor Rahm Emanuel (video)

Slide 4: Welcome and Introductions (3 of 5)
Welcome and Introductions
Karen Tamley
Commissioner of the Mayor’s Office for People with Disabilities
(Presentation of proclamation)

Slide 5: Welcome and Introductions (4 of 5)
Welcome and Introductions
Norma Borcherding
Managing Director
JPMorgan Chase & Co.

Slide 6: Welcome and Introductions (5 of 5)
Welcome and Introductions
Michael Morris
Executive Director
National Disability Institute

Slide 7: Why Are We Here?
A presentation of data on poverty and financial inclusion
Michael Morris
Executive Director
National Disability Institute

Slide 8: Why Are We Here? (continued)
- To Learn
- To Build a Bridge
- To Reduce Poverty and Advance Financial Inclusion among Americans with Disabilities
Slide 9: The Promise of the Americans with Disabilities Act (ADA)
“… the Nation's proper goals regarding individuals with disabilities are to assure equality of opportunity, full participation, independent living, and economic self-sufficiency for such individuals …”

Slide 10: Data from FDIC, FINRA Investor Education Foundation and U.S. Census Bureau tells us:
- Adults with disabilities are twice as likely to live in poverty as those without disability.
- The disparity in the poverty rate between people with and without disabilities grows with age.
- Of households headed by an adult with disability, 46 percent were unbanked or underbanked and more likely using alternative financial services (such as pawnshops and payday lenders), as compared to 29 percent of households headed by a person without a disability.
- Of households headed by an adult with a disability, 73 percent reported having no savings accounts, as compared to 47 percent of households headed by a person without a disability.

Slide 11: 2012 FINRA Foundation National Financial Capability Study
- 81 percent of people with disabilities did not have an emergency fund to cover three months of expenses, as compared to 54 percent of people without disabilities;
- 70 percent of people with disabilities responded they could not come up with $2,000 in an emergency, as compared to 37 percent of people without disabilities;
- Only 18 percent of people with disabilities had determined their retirement savings needs, as compared to 41 percent of people without disabilities;
- 41 percent of people with disabilities used methods of non-bank borrowing, such as a pawnshop or payday loan, as compared to 29 percent of people without disabilities; and
- 50 percent reported they were “not at all satisfied” with their current financial condition, as compared to 30 percent of people without disabilities.

Slide 12: Banking Status
Households headed by an adult with a disability are:
- More likely to be unbanked or underbanked
- More likely to be longer term unbanked
- More likely to open an account to receive direct deposit paychecks or other income, such as Social Security benefits
- Less likely to report future plans to join or rejoin the banking system when unbanked
Slide 13: What Else Do We Know?
• Less likely to have both checking and savings accounts
• Less likely to have a savings account
• More likely to use direct deposit
• More likely to use prepaid cards

Slide 14: Chicago Facts
People with disabilities in Chicago are:
• Twice as likely not to graduate high school than a person without disabilities (27 vs. 14%).
• Almost three times as likely not to have a college degree than a person without disabilities (15 vs. 40%).
• Twice as likely to be earning less than $35,000 in last the 12 months.
• Half as likely to earn more than $75,000 than a person without a disability (9 vs. 18%).
• Almost three times more likely unemployed or not in labor force as a person without a disability (28 vs. 72%).
• More likely living at or below 150% of the poverty level (45% persons with disabilities vs. 29% persons without disabilities).
• Almost twice as likely to be unbanked or underbanked than a person without a disability.

Slide 15: No Single Solution
While there is no single solution or strategy to reduce poverty, increase income and saving, and to advance financial inclusion among Americans with disabilities, this Summit will identify and design strategic opportunities for sustainable change at an individual and a community level.

Slide 16: What is NDI Doing?
A. DISABLE POVERTY Campaign
• On July 26, 2016, National Disability Institute (NDI) invited individuals, organizations, corporations and financial institutions to join the DISABLE POVERTY social media campaign. (www.disablepoverty.org)
• Campaign focuses on two goals:
  o Decrease the number of working age adults with disabilities living in poverty by 50 percent; and
  o Increase financial inclusion and the use of mainstream banking products and services by 50 percent.

Slide 17: Disable Poverty
Disable Poverty is a grassroots campaign which aims to increase awareness about the nearly one in three Americans with disabilities that live in poverty and remain outside the economic mainstream.

The two overarching goals of the campaign, to be achieved in the next 10 years, are to:
Decrease the number of working-age adults with disabilities living in poverty by 50%
Increase the use of mainstream banking products and services among Americans with disabilities by 50%.

Take the pledge at disablepoverty.org.

**Slide 18: Take the Pledge and Commit to Action!**
[Screen shot from disablepoverty.org.]

**Slide 19: What is NDI Doing? (continued)**
B. Financial Inclusion Summits in Three Cities
- Seattle, September 16
- Chicago, October 25
- Columbus, November 16

These Summits bring the government, disability and financial communities together to make practical suggestions to assure people with disabilities access to mainstream financial services.

**Slide 20: Review the Agenda**
- Presentations on Chicago area efforts to improve financial inclusion and stability for individuals with disabilities
- Advancing Financial Inclusion Panel: Challenges and Opportunities for Working-Age Adults with Disabilities
- Advancing Financial Inclusion Panel: Collaboration with Financial Institutions
- Roundtable group discussions to make practical suggestions on future actions for sustainable change
- Lunch with guest keynote speaker Michael W. Frerichs, State Treasurer
- Review of group recommendations
- Next steps and Wrap-Up

**Slide 21: Frame the Discussion of Financial Capability and Financial Well-being**
- Ultimate goal is to support people with disabilities to achieve financial stability
- To better understand the connection and pathway to financial stability, consider:
  - Financial Education (Knowledge and Skills) → Financial (Actions) → Financial Stability (Outcomes)

**Slide 22: Financial Education**
- Financial education provides the knowledge and skills an individual needs to effectively manage one’s money.
- Financial education topics include:
  - Setting financial goals
  - Identifying income vs. expenses
  - Planning and maintaining a household spending plan
  - Managing checking and savings services
- Developing and maintaining good credit
- Identifying needs over wants
- Avoiding money traps and recognizing predatory lending practices
- Comparing financial products and services

**Slide 23: Financial Capability**
Financial Capability is about applying the knowledge and skills to make informed decisions when it comes to one’s finances.
Examples:
- Learn how to balance a checkbook in a financial education class
- Better understanding of amount of money he or she has to spend and takes action to reduce banking overdraft fees

**Slide 24: Financial Stability**
Financial stability is the outcome of combining the knowledge and actions to make positive financial decisions.
For individuals with and without disabilities, financial stability produces:
- An improved economic future
- Increased long-term planning
- Improved physical and mental health
- Better choices about where to live and
- Greater level of social, civic and economic participation.

**Slide 25: New Opportunities for Economic Inclusion of People with Disabilities**
- ABLE Accounts
- Section 503 Requirements for federal contractors to hire and retain workers with disabilities
- Workforce Innovation and Opportunity Act (WIOA)

**Slide 26: ABLE Accounts**
- Tax-advantaged savings accounts
- Will overcome savings limits of SSI, Medicaid and other federal benefits
- Washington state program will open in 2017
- Visit [www.ablenrc.org](http://www.ablenrc.org)

**Slide 27: Section 503**
- Affirmative obligations on federal contractors to be proactive in recruiting, hiring, accommodating, retaining and advancing workers with disabilities
- For federal contractors and subcontractors (the Final Rule in effect as of March 24, 2014), sets for the first time a 7 percent utilization goal for individuals with disabilities
Responsibility for oversight is the U.S. Department of Labor’s Office of Federal Contract Compliance Programs (www.dol.gov/ofccp/regs/compliance/factsheets)

Slide 28: WIOA
- Enactment of WIOA in July 2014 provides new opportunities for the workforce development system to participate in financial literacy activities
- WIOA not only supports access to high quality skills development and certification programs, but it also is to focus on increasing worker prosperity and economic self-sufficiency
- New requirements to offer youth and adults with and without disabilities financial literacy activities coordinated with employment and training activities

Slide 29: Advancing Financial Inclusion Panel: Challenges and Opportunities for Working-age Adults with Disabilities
Panel Discussion

Slide 30: Challenges and Opportunities for Working-age Adults with Disabilities
- Carleda Johnson, Financial Stability Coordinator, Access Living
- Erick Lopez, Disability Specialist, Mayor’s Office for People with Disabilities
- Chasse Rehwinkel, Director of Policy, State Treasurer’s Office

Moderator: Michael Morris

Slide 31: Presenter
Advancing Financial Inclusion Panel
Carleda Johnson
Financial Stability Coordinator
Access Living

Slide 32: Financial Empowerment for People with Disabilities
Access Living of Metropolitan Chicago
Carleda Johnson
www.accessliving.org

Slide 33: Access Living Working Towards Independence
- Established in 1980, Access Living is a non-profit that is a change agent committed to fostering an inclusive society that enables Chicagoans with disabilities to live fully-engaged and self-directed lives.
• Nationally recognized as a leading force in the disability advocacy community, Access Living challenges stereotypes, protects civil rights, and champions social reform.
• Our staff and volunteers combine knowledge and personal experience to deliver programs and services that equip people with disabilities to advocate for themselves.
• Access Living is at the forefront of the disability rights movement, removing barriers so people with disabilities can live the future they envision.

**Slide 34: Financial Literacy at Access Living**
- Access Living Financial Literacy classes use the FDIC national financial education curriculum ‘Money Smart.’
- Money Smart is a comprehensive financial education curriculum designed to help low and moderate income individuals with disabilities enhance their financial skills and create positive banking relationships.
- Over the course of 11 weeks, participants are equipped with materials and tools to help them better manage and take control of their personal finances.
- When consumers attend the financial literacy classes a stipend will be given and set aside for every class they attend, in the end a lump sum will be given to each participant to save or invest.

**Slide 35: Barriers to Achieving Financial Inclusion Linda Preston**
- Lack of financial understanding between financial institutions and consumers
- People with disabilities low and unpredictable income
- High transaction cost for consumers
- Lack of suitable products
- Complex options
- Limited Financial Literacy
- Changing environment
- Lack of check and balance to protect people with disabilities

**Slide 36: Access Living’s Holistic Approach to Financial Literacy**
- Building confidence by identifying what participants already know
- Recognizing emotional, generational and cultural influences
- Helping participants understand their individual relationship with MONEY
- Aid participants in creating a savings culture
- Outreach and relationship building with financial institutions
- Providing participants with one-on-one meetings to further facilitate learning

**Slide 37: Contact Us!**
Carleda Johnson
Financial Stability Coordinator For Access Living
312-640-2159 | cjohnson@accessliving.org
Slide 38: Advancing Financial Inclusion Panel
Erick Lopez
Disability Specialist
Community Work Incentive Coordinator
Mayor's Office for People with Disabilities

Slide 39: Challenges Social Security Beneficiaries have with managing their benefits:
- Supplemental Security Income (SSI)
  - Restrictions on Assets & Resources of $2,000 monthly
- No or limited access to financial education to make better money decisions

Slide 40: How can someone who receives SSI start to develop assets?
- Student Earned Income Exclusion (SEIE)
- Impairment Related Work Expenses (IRWEs)
- Blind Work Expenses (BWEs)
- Property Essential to Self-support (PESS)
- Plan to Achieve Self-Support (PASS)
- Individual Development Account (IDA)

Slide 41: What do people with disabilities want from a banking relationship?
- Respectful customer service
- Affordable products
- Help with understanding and selecting financial products

Slide 42: Mayor's Office for People with Disabilities Work Incentive Planning & Assistance Program
Erick Lopez
Disability Specialist
Community Work Incentive Coordinator
2102 W. Ogden Avenue, Chicago IL 60612
312-746-5743
erick.lopez@cityofchicago.org

Slide 43: Advancing Financial Inclusion Panel
Chasse Rehwinkel
Director of Policy, State Treasurer's Office
Slide 44: ABLE
- In December, 2014, Congress passed the Achieving a Better Life Experience Act.
- The law was more than a decade in development and allowed states to set up 529-like savings programs for persons with disability or blindness.
- Illinois passed its state version of the ABLE bill in the spring session of 2015, and the Governor signed it into law that summer.

Slide 45: What Does ABLE Do?
- ABLE is a tax-advantaged savings program for persons with blindness or disability.
- Like Bright Start and Bright Directions, the Treasurer’s Office is the administrator of the Illinois ABLE program.
- Eligible beneficiaries for the program are people who are entitled to benefits based on blindness or disability under Title II or XVI of the Social Security Act or have a “disability certification” filed with the US Treasury Secretary, and disabled before the age of 26.

Slide 46: Challenges
While ABLE has a number of similarities with 529 College Savings plans, a number of differences present unique issues for states:
- ABLE accounts will be lower dollar, higher transaction compared to College Savings,
- The smaller population for people with blindness or disability create a smaller pool size,
- Unlike College Savings, ABLE accounts have a wide variety of investment date ranges.

Slide 47: Solutions
In order to create the best possible programing for its residents, Illinois has explored a consortium model for ABLE. The consortium’s role is to:
- Issue RFPs for services on behalf of members,
- Share common administrative, or “back-end” services,
- States maintain ownership of accounts,
- More efficient scalability.
By pooling resources, this model is projected to realize various cost savings, thereby driving down fees.

Slide 48: ABLE Consortium
A group of eleven like-minded states have signed an interstate agreement, pledging to work with each other on establishing an ABLE Consortium that would offer best in-class services at the lowest possible pricing.
State/Population (table)
Alaska  738,432  
Illinois   12,859,995  
Iowa   3,123,899  
Kansas  2,911,641  
Minnesota  5,489,594  
Missouri  6,083,672  
New Jersey  8,938,175  
Nevada  2,890,845  
North Carolina  10,042,802  
Pennsylvania  12,802,503  
Rhode Island  1,056,298  

Slide 49: More Information
Treasurer’s Website includes a page for ABLE: www.illinoistreasurer.gov
Included:

- Email address for questions
- One page introductory fact sheet
- More information will be added in the coming months

Contact Chasse Rehwinkel: crehwinkel@illinoistreasurer.gov

Slide 50: Advancing Financial Inclusion Panel
Collaboration with Financial Institutions
Panel Discussion

Slide 51: Challenges and Opportunities for Working-age Adults with Disabilities

- Glenn Brewer, Community Affairs Specialist, FDIC
- Drew Beres, General Counsel, Deputy Chief Operating Officer, Office of City Treasurer
- Dory Rand, President, Woodstock Institute

Moderator: Michael Morris

Slide 52: Advancing Financial Inclusion Panel
Glenn Brewer
Community Affairs Specialist
FDIC

Slide 53: Community Affairs Branch: What Do We Do?

- The Community Affairs Branch assists financial institutions in developing strategies that are responsive to the credit, service and investment needs of the communities we both serve.
The Community Affairs Branch participates in the supervision and regulation of FDIC insured banks; banks are examined routinely for safety and soundness and compliance with the Community Reinvestment Act.

**Slide 54: 2016 Community Affairs Branch Focus**
The Economic Inclusion Ladder
- The Community Affairs Branch’s work in 2016 is focused in primarily 5 areas of opportunity that work to deliver and support economic inclusion.
- Each area of opportunity builds capability and access to expand inclusion.
- It all begins with financial education and access to insured deposit accounts.

[Art of ladder. From bottom to top: Financial Education, Insured Deposit Accounts, Consumer Credit and Household Savings, Affordable Mortgage Credit, Financial Services for Small Business]

**Slide 55: More Specifically: 2016 FDIC Performance Goal:**
Develop and implement targeted strategies to expand access to mainstream financial institutions by populations that are disproportionately likely to be unbanked or underbanked.

**Slide 56: Historical Perspective**
Community Affairs completed a summary analysis of the FDIC “2013 National Survey of Unbanked and Underbanked Households” and other data related to the banking experience of individuals/families with disabilities. Our analysis shows that generally households headed by persons with a disability were more likely to be unbanked and underbanked than their non-disabled comparators.

**Slide 57: Historical Perspective (continued)**
When added together, approximately one-third of non-disabled households are not fully banked compared to 46.5% of disabled households.

**Slide 58: Historical Perspective (cont.)**
This data is informative in further defining action plans for people with disabilities that promote access to financial education and mainstream banking solutions.

**Slide 59: FDIC CAB Work Underway**
FDIC CAB continues to make strategic connections:
- National Federation of the Blind: Money Smart Braille for further collaboration on MS for the visually impaired, to explore the use by their 52 state affiliates;
- National Association of Councils on Developmental Disabilities: 54 state Councils on Developmental Disabilities, who is assisting us in defining the need for financial literacy curriculum training programs and other services at their state councils;
- The national office of The Arc: 650 individual chapters.
Slide 60: FDIC Recent CAB Events
Spring and Summer, 2016:

- Money Smart Train the Trainer for Individuals with Disabilities: sessions recently held in partnership with The Arc. Focus was to train ARC staff/team members in the Money Smart curriculum to help facilitate future trainings of their state affiliates.
- Banker Roundtables and Community Development Forums to discuss best practices for improving access and engagement of disabled individuals and families.

Slide 61: Next Steps

- Continue support of Bank On chapters to encourage and foster banking relationships within the disabled community
- Continue the linkages between FDIC regulated banks and the communities they serve; facilitate educational and training opportunities to expand awareness, best practices and engagement

Slide 62: Conclusion

- FDIC is committed to fostering and participating in efforts that bring economic inclusion to all of the communities we serve.
- Our focus is to support and deliver tangible results that reduce the incidence of underbanked or non-banked families, to help in removing barriers that block access to the financial mainstream.

Slide 63: Advancing Financial Inclusion Summit
Drew Beres
General Counsel, Deputy Chief Operating Officer
Office of City Treasurer

Slide 64: BankOn Chicago
BankOn Chicago is a joint effort by the Treasurer’s Office, local banks, and community partners to help unbanked and under-banked Chicagoans get access to mainstream checking and savings accounts.

[Art of Partners’ logos: Chase, Citi, Fifth Third Bank, First Savings Bank of Hegewisch, GuarantyBank, Illinois Service Federal, mb financial bank, Marquette Bank, PNC, SSCFCU, Bank of America, UrbanPartnershipBank, TCF Bank, Office of the City Treasurer]

Slide 65: Advancing Financial Inclusion Summit
Dory Rand
President
Woodstock Institute
Slide 66: The Community Reinvestment Act & Financial Inclusion for People with Disabilities
Dory Rand, President
Woodstock Institute

Slide 66: Financial Empowerment Integration Outcomes
- Increased participation in financial empowerment training
- Increased completion of Financial Empowerment Level 1 Certification
- Increased recruitment of facilitators for financial empowerment workshops
- Increased awareness and access to financial empowerment related resources, services and tools
- Increased commitment to ensuring accessibility and inclusivity among other service providers

Slide 67: Woodstock Institute Mission & Focus Areas
Create a just financial system in which lower-wealth persons and communities of color can achieve economic security and community prosperity.
- Equitable lending and investments
- Wealth creation and preservation
- Safe and affordable financial products, services, and system

Slide 68: Community Reinvestment Act (CRA)
- Trillions for LMI communities since enactment in 1977
- Enacted in response to “redlining”
- Obligation “to meet the credit needs of [their] local communities”
- CRA Exams (only for institutions with FDIC insurance)
  - Generally, every three years
  - Possible ratings: Outstanding, Satisfactory, Needs-to-improve, Substantial Noncompliance
  - Examiner considers public comments in CRA file
  - Disability community can participate in public comment process

Slide 69: CRA Tests (for large banks)
- Lending: Small business and mortgage Loans; Home equity loans for home modifications/improvements (ramps, elevators, railings, etc.), Loans for wheelchairs or assistive technology
- Investments: Grants to not-for-profits for financial capability, home ownership counseling, and other programs; financing and investments in accessible, affordable housing
- Retail Services: Accessible ATMs, branches, websites, mobile
Slide 70: A Bank in the Midwest
- Downgraded to Needs-to-improve on latest CRA exam
- Bank cannot pursue M&A or open/close branches until back to Satisfactory or above CRA rating
- Working with National Community Reinvestment Coalition (NCRC) and local members to develop a CRA Plan

Slide 71: Branch Closures
- National trend
- Notice requirements
- Right to submit comments for public CRA file
- Right to request public meeting with regulators
- Related concerns regarding declines in small business lending

Slide 72: Mergers & Acquisitions
- Bank needs CRA rating of Satisfactory or higher
- Regulators consider CRA Performance, public benefit, convenience and needs of the community, public comments
- Conditional Approvals
  - Can require CRA plans with:
    - Community input (opportunity for disability community)
    - & Measurable outcomes
- Can require non-objection to opening and closing of branches

Slide 73: A Bank Merger
- Meetings with NCRC and over 100 member CBOs
- $16.1 Billion over five years
- $5.7 Billion in Mortgage Lending in LMI areas
- $6.6 Billion in Small Business Lending in LMI areas
- $3.7 Billion in Community Development Lending and Investment
- 10 new branches in LMI communities and/or majority minority communities

Slide 74: Another Bank Merger
- Woodstock submitted a comment to OCC
- OCC issued a Conditional Approval, requiring:
  - Submission of a strong, public CRA plan with community input
  - Compliance with branch closure and consolidation plan, including bank must obtain OCC non-objection to branch closings

Slide 75: For more information
Find us at
www.woodstockinst.org
Facebook.com/woodstockinstitute
@woodstockinst
Slide 76: Break

Slide 77: Group Discussions
1. Outreach to Disability Community
2. Expanding Financial Education and Coaching to People with Disabilities
3. Improving Financial Inclusion for People with Disabilities by Financial Institutions
4. Building Public-Private Sector Collaboration

Slide 78: Roundtable Discussion Instructions
- Each table should select a recorder to take notes and a spokesperson to share your recommendations with the full audience when we reconvene.
- There are four questions. Each table should prepare recommendations for all four questions.
- Each table should select at least one additional question to answer.
- You have one hour for group discussion. Please spend the last 15 minutes selecting your priority recommendations. (Top three per question and make sure your spokesperson is prepared to share with the group.)
- If you have a question, please raise your hand. Alice and I will be circulating and come to your table.

Slide 79: Group Discussion: Questions for Chicago
1. What can financial institutions do to increase engagement of working-age adults with disabilities with mainstream financial products and services?
2. What can financial institutions do to keep customers with disabilities in the banking system and invest in long-term customer relationships? As a person with a disability, what do I want from a banking relationship?
3. What can disability organizations do to improve financial capability for people with disabilities? Who could they collaborate with to increase availability of financial education and coaching?
4. How can we expand outreach to the disability community to educate eligible individuals with disabilities about the benefits of opening an ABLE account?

Slide 80: Luncheon Keynote Speaker
Michael W. Frerichs
State Treasurer

Slide 81: Reports and Recommendations from Group Discussions

Slide 82: Next Steps and Wrap-Up
Alice Coday
Michael Morris
Slide 83: LEARN – Upcoming Training Opportunities
- CFPB Your Money, Your Goals Training: Inclusion & Disability Awareness
  December 13, 2016; 8:45 a.m. – 4:00 p.m.; FDIC, Chicago Regional Office, 300 South Riverside Plaza, Suite 1700, Chicago, IL

Slide 84: DISABLE POVERTY – Take the Pledge
- Ask everyone at your organization to take the pledge and make a commitment to action
- Share the DISABLE POVERTY campaign with your staff and clients through social media, newsletters and community partnerships
- Use the DISABLE POVERTY toolkit
- Offer financial education and other volunteer support services to disability and advocacy organizations

Slide 85: EXPLORE – The Top 12 Financial Wellness Links:
  www.realeconomicimpact.org/resources/links
  - Connect with Peers
    o Become a Bank On Chicago Community Partner
    o Become a Bank On Chicago Financial Partner
    o Become an Illinois Asset Building Group Partner
  - Credit and Debt - Integrating financial capability to build credit and reduce debt
    o Savings – Become an ABLE Ambassador
  - Banking – Learn more about BankOn Chicago:
    http://www.chicagocitytreasurer.com/ofi/bank-on-chicago/
      o Offer financial education classes – use programs like Money Smart (FDIC)
      o Track and report your conversion rate of unbanked clients to banked clients

Slide 86: No title.
Today’s event was made possible through the generous support of JPMorgan Chase.