

Executive Summary

Banking on The Future

GOAL: It is estimated that there are 225,000 unbanked families living in Orange County. Orange County United Way's goal is to reach over 8,000 families annually through our Banking on The Future initiative to provide awareness and access to resources, financial education, and mainstream banking services to encourage self-sufficiency through financial stability.

THE NEED:

- It is estimated that up to 25% of Orange County's eligible tax payers do not claim eligible tax credits, totaling approximately \$65,000,000 in unclaimed credits ¹
- Only 25% of adults believe they are money smart and 70% of college students said their parents fail to provide them with financial education. ²
- One third of Santa Ana's population do not access mainstream financial services, making them vulnerable to predatory check cashing and loan services⁴

IMPLEMENTATION PLAN: Each year, during the months of January through August, OCUW launches a three tiered coordinated campaign designed to link low income families to eligible cash resources, financial literacy education and access to mainstream banking services. **Our Financial Stability Campaign "Banking on the Future"** consists of the following efforts:

ACCESSING ELIGIBLE RESOURCES – Free Tax Preparation - Access to Earned Income Tax Credits (EITC)

OCUW understands that financial stability begins with improving awareness and access to financial resources - including eligible state and federal benefits designed to encourage self sufficiency. One such resource is the Earned Income Tax Credit (EITC) - a federally funded tax credit program designed to lift working families out of poverty. Eligible families can receive up to \$5,657 in EITC dollars each year. For many low income families these returned dollars can be the catalyst to self sufficiency. Ironically, those most likely to benefit from EITC are often uninformed and lack access to free and non-predatory tax preparation services, leaving millions of EITC dollars left unclaimed each year.

Since 2005 OCUW has been committed to ensuring that all eligible low-income working tax payers have access to, and apply for, EITC benefits. Each year, OCUW's EITC Campaign includes the coordination of over 100 free community tax preparation days (provided at our local nonprofit partner sites) where volunteers and trained professionals provide free tax services in English, Spanish and Vietnamese. These efforts are supported by community officials and the IRS and to have lead to over \$7million returned into the pockets of working Orange County residents. During the 2010 tax season, this Campaign directly assisted 5,465 tax payers, returning \$7,511,984 in federal refunds of which \$2,692,480 is EITC.

FINANCIAL EDUCATION –Informed Management of Resources

OCUW Financial Education Campaign encourages the responsible management and use of resources by providing low-income individuals and families with effective financial literacy education courses using the FDIC's **Money Smart** Curriculum. OCUW, in partnership with the FDIC, is taking a county wide financial education approach by training and certifying nonprofit partners on the FDIC **Money Smart** curriculum and then supporting our nonprofit partners to provide this important educational resource to their clients. The FDIC **Money Smart** curriculum is a 10 module curriculum covering budgeting, credit, saving, consumer rights, borrowing, bank

services and home ownership. OCUW coordinates *Money Smart* course offerings during the months of April, May and June to support our EITC efforts.

ACCESSING MAINSTREAM FINANCIAL SERVICES - Bank on California Initiative

A final key factor to self sufficiency is access and entry into mainstream banking services such as checking and savings accounts. Barriers to access, such as lack of residency identification and costly checking and savings account services, have often discouraged low-income families from tapping these resources. As a result, many families must use expensive or predatory cash checking and loan services – leading families further away from financial stability.

Bank on California is a collaborative partnership with the California Governor’s Office Bank On initiative involving United Ways across the state, selected Mayors’ offices, financial institutions, community organizations, and federal and state regulatory agencies to help the unbanked of California open starter bank accounts and enter the financial mainstream, where they can begin saving, build a credit history, gain access to lower-cost sources of credit and invest for their future. Orange County United Way was instrumental in bringing this initiative to our county, launching **Bank on Santa Ana** in January 2010. The **Bank on Santa Ana** Campaign is the first step in United Way’s countywide effort to provide low-income families and individuals with access to free to low cost banking services and access to mainstream financial products and services. Current partners include Bank of America, Bank of the West, Chase, Comunidad Latina Federal Credit Union, Citibank, Union Bank and Wells Fargo. **Bank on Santa Ana** Campaign will assist low- and middle-income Orange County residents to establish savings, build a credit history, gain access to lower-cost sources of credit and invest for their future. United Way’s goal is to continue to grow this program throughout Orange County by engaging all city Mayors’ offices to support this effort in their local communities.

Resources:

- 1 - IRS
- 2 - Fleet National Survey
- 3 - xxxx



Orange County United Way

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