



“POR MI FUTURO” RETIREMENT SAVINGS ACCOUNTS A Project of The Latino Coalition Foundation

BACKGROUND

According to a survey commissioned by The Latino Coalition (TLC) in July 2001, only 35% of Hispanics have \$5,000 or more saved or invested for their retirement. This is a recipe for disaster for a community that has already become the largest minority group in this country according to the 2000 Census.

According to a 2000 report released by the Federal Reserve Board, Hispanics are the only group in the country that is not building wealth during the past economic boom. The Los Angeles Times reported that *“the record-setting economic boom has enriched most members of every major ethnic group except one--Latinos. The Federal Reserve's most recent survey of household finances shows that whites, African Americans and Asians have all gained ground during the expansion. By contrast, from 1995 to 1998 – the most recent period studied – the median Latino household net worth fell by a whopping 24%.”*

POR MI FUTURO ACCOUNTS

As part of The Latino Coalition Foundation’s (TLCF) efforts to promote the importance of savings in the Latino community, TLCF will begin a public education campaign among U.S. Hispanics to highlight the importance of retirement security. The main focus of this campaign will be the creation of “Por Mi Futuro” (“For My Future”) accounts.

These savings accounts will be awarded to a Hispanic middle school student, in targeted school districts with a large population of low-income Hispanic families. A contest among students will be created to select students who will receive the accounts. The contest will consist of a 100-word essay on why they think it is important to save and invest for their future. *In order to qualify for these accounts, the students and their parents will have to participate in at least one financial literacy seminar sponsored and coordinated by reputable financial services corporation. A health care component will be incorporated into these seminars. One of the goals of the program is to create a close working relationship between parents, grandparent and the children participating in the program.*

The basic eligibility requirements are the following:

- 1) Students must be of Hispanic origin.
- 2) Students must come from low-income households. There will be no set income standards due to the standard of living variations across the country.
- 3) Students must be between 10-12 years of age.
- 4) Students and at least one of their parents must participate in a financial literacy seminar sponsored by The Latino Coalition Foundation. Registration at one of these seminars is required to become eligible for the award.
- 5) An essay contest will be coordinated with local community-based organizations and/or schools. After the students attend the financial literacy seminar, they will be asked to write a 100-word essay on why they think saving for their retirement is important for their future.
- 6) A Selection Committee will examine the essays and make the select the students who will receive the award.

OVERSIGHT & ADVISORY COMMITTEE.

The Chairman of the “Por Mi Futuro” program will create an oversight committee, which will be comprised of prominent community and corporate leaders. They will serve in an advisory capacity to oversee the implementation of the program and make recommendations on how to improve and expand its reach. This committee will work with the Finance Committee to conduct an annual audit of the program and to make sure it is financially stable, and with the Fundraising Committee to help identify additional potential funding sources.

THE ACCOUNTS

“Por Mi Futuro” Master Account. All funds raised by TLCF for the “Por Mi Futuro” program will be held in a separate Trust Account owned by The Latino Coalition Foundation (TLCF). This account will hold all funds pertaining to the “Por Mi Futuro” program. The type of account shall be decided upon by the “Por Mi Futuro” program Finance Committee. This account will be audited every year by a Certified Public Accountant.

Main Account. As soon as a recipient is chosen and approved by the TLCF selection committee and the recipient's parents/guardians accept the required agreement set forth by TLCF, TLCF will open the initial "TLCF Por Mi Futuro" account. Each account will be opened with a \$1,000 contribution. TLCF will be the owner of the account with the recipient as the beneficiary. Taxes on this account will be deferred until withdrawal. The beneficiary will be required to open a separate savings account.

Savings Account. A separate savings account will be opened in a regular bank under the beneficiary's name, where he/she will be able to deposit the required minimum funds to comply with the program. The required minimum that has been established by TLCF is \$10.00 per month with a total of \$120.00 dollars per year. There is no maximum limit as to how much the recipient chooses to deposit. TLCF in accordance with the "Por Mi Futuro" agreement has established the maximum matching amount of \$500.00 per year. The recipient has complete access to their own bank account. Throughout the matching period the recipient is discouraged from withdrawing funds from their own account. This savings account will be owned and handled by the beneficiary and his/her parents/guardians. TLCF will have no access or ownership of this account.

Matching Program. Every six months after the account's anniversary, TLCF will receive a copy of the financial statement from the beneficiary's savings account and use funds from the trust account to fund the matching portion to each recipient's account up to the maximum of \$500 per year until the recipient age of 18 years old. When the matching funds are deposited into the account, the beneficiary will receive a statement from TLCF showing the progress in the account.

Transferring Accounts to Beneficiary. On the recipients 18th year of age and the anniversary of TLCF Account, the Account will be surrendered by TLCF and combined with the funds from the recipient's savings account. A new account will be established with the combined funds in the form of an retirement account. Upon transfer of the Account from TLCF to the recipient, the recipient may incur a tax consequence and is encouraged to seek a professional tax advisor. TLCF would not be responsible for any applicable taxes or penalties after such transfer has been made. At such time it would be advisable for the recipient to seek professional advice from a financial and tax advisor.

Forfeiting Por Mi Futuro Accounts. In accordance with the "Por Mi Futuro" agreement should the savings account be accessed for any reason, the recipient will forfeit the right to all TLCF "Por Mi Furturo" contributions established for the recipient. The recipient shall have no access to TLCF's "Por Mi Futuro" contribution account until the recipient reaches 18 years of age and all requirements set forth by the "Por Mi Futuro" program are completely met. TLCF-appointed "Por Mi Futuro" financial managers reserve the right to conduct multiple annual audits of the personal savings accounts as to comply within the "Por Mi Futuro" agreement. These audits can be satisfied by copies of banking statements which will be provided by the recipient upon request.

Parent's Obligations. The beneficiary, together with his/her parents/guardians, must deposit the minimum amount of funds into the recipient's bank account within the required time periods or risk losing all funds from TLCF. Parents and recipients are required to attend two financial workshops during the life of the program: an initial workshop and an exiting workshop. Each recipient's parent is encouraged to educate the recipient on how to deposit funds at the bank and

review the banking statements with them so as to teach the child how the compounding of money grows.

SELECTION AND OVERSIGHT GUIDELINES

Selection Committee. An essay contest will be coordinated with local schools and organizations to invite Hispanic students interested in opening a retirement account to write a 100-word essay on why they think saving for their retirement is important for their future. TLCF's Board of Directors will create a committee of 10 prominent Hispanics from across the country to select which of the participating students will receive the accounts. This committee will examine the essays and select from those students who enter the contest.

Financial Advisory Committee. A committee of five financial planning "experts" will be created and selected by the TLCF Board of Directors to determine how these accounts would be established and the guidelines to follow. This committee will be responsible for designing, establishing and monitoring the accounts. The committee will also be responsible for selecting the guaranteed saving options for the accounts.

Fundraising Committee. A fundraising committee will be created to focus on raising the funds necessary to support the program. The committee will be responsible for designing a fundraising strategy that focuses on both corporate and individual sponsors.

Oversight & Advisory Committee. This oversight committee will be comprised of prominent community and corporate leaders. They will serve in an advisory capacity to oversee the implementation of the program and make recommendations on how to improve and expand its reach. This committee will work with the Finance Committee to conduct an annual audit of the program and to make sure it is financially stable, and with the Fundraising Committee to help identify additional potential funding sources.

THE LATINO COALITION FOUNDATION

Mission Statement. The Latino Coalition Foundation (TLCF) is an independent non-profit, non-partisan 501(c)(3) organization based in Washington, D.C. TLCF was established in 1995 to research and address issues and programs that directly affect the well-being of Hispanics in the United States. Our agenda is to promote initiatives that will enhance overall business, economic and social development of Hispanics.

TLCF will research and promote policies that are relevant to Latinos' overall economic, cultural and social development while empowering individuals through the promotion of self-reliance and personal responsibility. TLCF also will analyze and report to the public about the impact of Federal, State and local legislation, and government regulations, has on the Latino communities.

As a public policy think tank, TLCF will closely monitor public policy at the federal, state and local levels to determine its impact on the Latino communities throughout the U.S., and engage in public education campaigns when warranted.

Within the Latino Community, Diversity is Key. The 2000 Census sent a shock wave across America's Corporate leaders, elected and appointed officials, and members, of the media face the

challenge of adapting to the new face of America. But before they can adapt, they will need to understand that Latinos are extremely diverse with different needs and concerns.

For too long, Latinos have been viewed as a monolithic community in the U.S. Nothing could be further from the truth. Hispanics living in the United States share many common traits. Most Latinos share their language, religious faith, and larger and close-knit families. However, they also have vast differences including unique cultural and colloquial idiomatic language variations; national and regional food tastes; educational and economic status, and different personal experiences leading to their migration to the U.S., to name but a few.

This diversity often times is dictated as much by current living conditions as it is by national origin or economic status. For instance, a Mexican-American family living in rural Fresno, California may have very different needs and concerns than a similar Mexican-American family living in urban Chicago, Illinois.

TLCF: Promoting a Better Understanding of the Latino Communities. TLCF will endeavor to promote a better understanding of the various Latino communities throughout the country. Through the use of ethnic research; public forums, and publications, TLCF will educate American leaders on the sensitive balance - and differences - within these Latino communities.

TLCF will serve as an archive and clearinghouse of behavioral and attitudinal research of Latinos in the U.S. The Foundation will research, analyze and report Hispanic trends based on in-house research and careful analysis of research conducted by other sources. As part of its in-house research, TLCF will conduct regularly-scheduled policy-based public opinion studies including qualitative and quantitative research to promote a better understanding of the diverse U.S. Latino communities. TLCF will include a number of projects designed to address the particular needs and concerns of different groups within the U.S. Latino communities.