



Field Guide to Financial Empowerment Programs and NYC Service Providers

Leveraging Financial Empowerment to Support Employee-Owned Businesses: Tools for Cooperative Developers

How to Use This Guide

This Field Guide provides an introduction to the variety of financial empowerment services and products available to employee-owned businesses and other employers who want to support the financial empowerment of their employees. This guide is intended for use by New York City businesses, employers, and cooperative developers as a tool for considering how to augment existing human resources practices with new programs and referral streams to support employees.

This information is also available online at nyc.gov/dca. If you have any questions or wish to work with the Department of Consumer Affairs Office of Financial Empowerment (OFE) to build a referral stream to any of its services please contact OFE at ofe.outreach@dca.nyc.gov.

1. Financial Counseling

Financial counseling is a vital service for low- and moderate-income New York City residents and workers to help them better understand their finances, build financial skills and navigate the financial system. OFE offers confidential, free one-on-one financial counseling to all New Yorkers through its Financial Empowerment Centers in all five boroughs. Counselors help their clients become more financially capable by helping them navigate financial issues such as reducing debt, establishing and improving credit, creating and maintaining a budget, accessing safe and affordable bank accounts, increasing savings, and planning for the future.

To make an appointment at a Financial Empowerment Center, individuals can call 311 or go to nyc.gov/dca. Cooperative developers can email ofe.outreach@dca.nyc.gov to arrange a presentation or small group workshop by a financial counselor. In addition, the following organizations also offer financial counseling and education in NYC:

- Bed-Stuy Restoration Financial Counseling: restorationplaza.org
- The Financial Clinic: thefinancialclinic.org
- Neighborhood Trust Financial Counseling: neighborhoodtrust.org
- Phipps Neighborhoods: phippсны.org
- Urban Upbound: urbanupbound.org

Additionally, several not-for-profits such as Neighborhood Trust provide financial counseling on-site at employers.

2. Benefit Navigators

Benefit Navigators provide in-person enrollment assistance to individuals and families who are looking to apply for public benefits. The process can be daunting and confusing and sometimes requires in-depth knowledge about the application process. Benefit Navigators assist with screening for and completing public benefit applications

for the Supplemental Nutrition Assistance Program (SNAP), Medicaid, housing, tax credits, and other public assistance programs. Some Benefit Navigators may assist employees with minimizing the impact of benefits decreasing as income increases. Employees who may be eligible for these benefits can find more help by contacting the following services:

- Community Service Society: cssny.org
- Single Stop NYC: singlestopusa.org/locations

3. Credit Builder Financial Products

Credit builder financial products are typically loans and credit cards that help an individual build credit and often establish emergency savings. These products often involve the client placing a small amount of money in a secured account (like a certificate of deposit) and then being loaned the same amount of money by the financial institution, which they then pay off over time. By paying off the loan or credit card, the client establishes a new, on-time payment record. This record is then reported to credit reporting agencies, building the client's credit score. Customers and cooperative developers should always make sure to ask about the specific fee structure of these products. The following NYC financial institutions offer credit-building products to help establish and improve the credit of employees:

- Brooklyn Cooperative Federal Credit Union: brooklyn.coop
- Carver Bank: carverbank.com
- Municipal Credit Union: nymcu.org
- Neighborhood Trust Federal Credit Union: neighborhoodtrust.org
- Spring Bank: springbankny.com
- Urban Upbound Federal Credit Union: urbanupbound.org

4. Employee Financial Wellness Programs

Employee Financial Wellness Programs are third party programs paid for by an employer that provide resources such as budgeting, savings, retirement, and other financial literacy tools to employees. They often include an online platform that helps employees track their expenses and that often ties directly into an employee's bank account, allowing employees to more accurately track their budgets and identify patterns from their spending activity. Employees can also obtain financial guidance, set personalized goals, and receive reminders to save or pay bills. Financial wellness programs aim to focus holistically on the financial well-being of employees and drive behavioral change. These changes are designed to help employees stay financially healthy at home and work. Examples of employee financial wellness programs include:

- Enrich: enrich.org
- GreenPath Financial Wellness: greenpath.com/community/employers
- HelloWallet: hellowallet.com
- Neighborhood Trust's Employer Solution program: neighborhoodtrust.org

5. Lending Circles

Lending circles provide affordable, small dollar loans to a group of participants. These participants can be a group of coworkers, family members, friends or even acquaintances. These peer-to-peer circles can be used to help participants save, access cash, and build credit. In a lending circle, members contribute an agreed-upon amount of money each month and each member takes turns withdrawing the lump sum. These circles allow individuals to make payments, as they would to a traditional bank or credit union lender, while building savings and credit. Do your research on any lending circle before you join. In 2008, Mission Asset Fund, a nonprofit based in San Francisco launched the Lending Circles Program, which reports lending circle participation to credit reporting agencies, which can result in a positive payment record

and increased credit for participants. Lending Circles may benefit employees who need access to social support in forming savings habits or who may not have the credit score or history required by a mainstream financial institution to access credit. Mission Asset Fund also accepts applications from new nonprofits seeking to partner with them on their program. The following organizations in New York City participate in Mission Assets Fund's lending circle program:

- Chhaya: chhayacdc.org
- Flushing Lending Circle: flushingchamber.nyc/lending-circle
- Harlem Congregations for Community Improvement, Inc.: hcci.org

6. Retirement Savings Accounts

For employees who do not have access to an employer-sponsored retirement plan such as a 401(k), there are still a number of tax protected retirement accounts available to all worker-owners. Individual Retirement Accounts (IRAs) offer tax benefits similar to 401(k)s and are available through most banks and other financial institutions. If an employer allows for direct deposits to be split between multiple banks accounts, employees can deposit into their IRAs automatically.

The following banks offer both IRAs and accept IDNYC to open a bank account and to open an IRA, which helps all New Yorkers save for retirement regardless of immigration status (other information may be required, such as an Individual Taxpayer Identification Number (ITIN) or Social Security number (SSN)):

- Amalgamated Bank: amalgamatedbank.com or call 917-608-9242 to speak to an investment representative
- Carver Bank: carverbank.com

The federal government also provides a free long-term savings account called the myRA (my Retirement Account). The principal on a myRA account can be withdrawn at any time without penalty, allowing users to save for retirement while still having access to their funds for emergencies.

- For more information on myRA accounts visit myra.gov or call 1-844-874-7590

7. Individual Development Accounts (IDAs)

Individual Development Accounts are matched savings accounts that help people with low incomes save toward a specific goal such as buying a home, paying for education or job training, and/or opening a small business. In many cases, individuals who open an IDA will also attend financial education courses or may receive one-on-one financial counseling. Cooperative developers such as Palante (formerly WAGES) and SEED Winnipeg have partnered with credit unions and community banks to offer IDAs to help worker-owners save for specific goals. The following organizations provide IDA programs and can be contacted for more information:

- Business Center for New Americans: nybcna.org
- NHP Foundation: nhpfoundation.org

8. Employer-sponsored Small Dollar Loans

Many low-income workers find themselves in need of short-term, small dollar loans. Oftentimes, this leads them to seek out payday loans and pawnshops, which can be costly and lead to a cycle of debt. (Please note formal payday loans are illegal in New York.) Worker cooperatives can help alleviate reliance on these services, which are sometimes predatory, by offering employer-sponsored small dollar loans. These are loans made to employees who can make their repayment via payroll deduction.

An example of an employer-sponsored small dollar loan program is Cooperative Home Care Associates' (CHCA) program, which offers no-interest loans to their workers. CHCA finances and administers their loans internally, but employers can also work with banks or credit unions to administer and finance the program. By working with a bank or credit union, employees can also establish or improve credit. In New York City, Spring Bank (springbankny.com) partners with a number of employers to offer these loans.

9. Commuter Benefits and Health Savings Accounts

Commuter benefits are a way for employers to help their staff save on transit by allowing them to pay for MetroCards and other public transportation fares with pre-tax dollars, deducted from their paychecks. Employers can save by reducing their payroll taxes. The more employees who sign up for transportation benefits, the more the employer can save. NYC law also requires that all businesses with 20 or more full-time employees offer commuter benefits.

For assistance and a list of NYC providers of commuter benefits, contact the Department of Consumer Affairs by calling 311 or go to nyc.gov/commuterbenefits

Similar to commuter benefits, providing health savings accounts allows employees to save money tax-free to be spent on medical expenses like deductibles, co-pays, or dental or vision treatments. Many companies that administer commuter benefits also administer health savings accounts.

10. 529 College Savings Programs

529 college savings plans are tax-advantaged investment accounts that parents can use to save for their child's college education. Any investment growth on deposits into a New York State 529 Plan Account is tax-free as long as it is used to pay for qualified higher-education expenses such as tuition, books, computers, and room and board. Deposits in a New York State 529 Plan Account also qualify for a New York State income tax deduction. 529 college savings plans can be set up by anyone over 18 with a SSN or an ITIN for the benefit of a future student who has an ITIN or SSN. No photo identification is needed. Employers can help employees use 529 college savings plans by raising awareness and by allowing employees to split their direct deposit and place a portion of the deposit into a 529 college savings plan. More information on how employers can support employees saving for their child's college education can be found at: nysaves.org/home/why-ny-529-direct-plan/employers.html.

11. NYC Free Tax Prep

NYC Free Tax Prep helps eligible New Yorkers file taxes safely and for free. For the 2017 tax season, filers who earned \$64,000 or less in 2016 could qualify for free tax preparation services, including online filing and in-person filing with an IRS certified VITA/TCE volunteer preparer. Volunteer preparers help workers with low and moderate incomes apply for the refunds and credits they may be eligible for, including the Earned Income Tax Credit, which can reduce the amount of tax one owes and may result in a refund. Volunteer preparers can also assist individuals in applying for an Individual Taxpayer Identification Number (ITIN). The Department of Consumer Affairs works with a number of nonprofits providing free tax preparation services. Several of these can assist in filling out 1120-C, K-1, and other tax documents relevant to cooperatives.

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For more information on where to receive NYC Free Tax Prep services, visit nyc.gov/taxprep or call 311. To find NYC Free Tax Prep sites with the capacity to prepare documents specific to employee-owned businesses, email ofe.outreach@dca.nyc.gov for more information.

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