

“COMMUNITY REINVESTMENT SERVICE (CRS) PROPOSAL”

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EXECUTIVE SUMMARY

Employees lose an estimated \$68 billion in employers' matching contributions due to early retirement savings withdrawals and consequential lack of employee's retirement savings contributions. The Community Reinvestment Service (CRS) is a banking service for business customers that allows employees of participating businesses, immediate access to employees' and employers' matching retirement contributions before annual transfers of CRS account balances into standard retirement savings plans.

CRS permits banks to receive an increase of the aforementioned \$68 billion dollars in cash flows from employers matched contributions direct deposits into CRS bank accounts. CRS immediate availability of matched savings funds increase employees enrollment and contributions to retirement savings plans. A CRS enrollment rate of 50%, and added employees' annual withdrawal of \$1,200 in matching employers' contributions, results in an increase spending of \$83.8674 billion nationally or 773,942 new jobs. Increased availability of employees' funds expands investment and job growth within local communities. The service allows banks to offer increased selections of cost-effective retirement savings plans for small to midsize businesses.

NEEDS

The Community Reinvestment Service (CRS) proposal addresses the needs for improved retirement savings, increase consumer spending, increased banking cash flows, employment growth and community reinvestments during the current economic downturn. The US has experienced a net loss of \$6 trillion in real estate losses¹. 22.1%² of the 69%⁶ of employees who have retirement savings make early withdrawals. These employees' early withdrawals result in losses of employer matching contributions, a lack of employee contributions and early withdrawal penalties. Current retirement savings plans do not allow immediate withdrawal of combined contributions. For a hypothetical average employer annual matching retirement savings contribution of \$2,400 per employee, nationwide annual employees' losses of unmatched employer contributions would be 22.1% x 69% X \$2,400X 139,779,000 or \$68.41648 billion dollars. This figure does not include early withdrawal penalties.

Current safety nets such as social security funds are projected to provide a smaller portion of retirement funds implying a need for increased employer provided retirement savings plans. CRS is a service that offers increased retirement savings with greater liquidity and availability of cash flows to enrollees and plan managers while assisting cash strapped consumers and responding to the economic downturn.

SCOPE

CRS is a comprehensive banking service offered to banking business customers for the management of employees' accessible retirement savings accounts. The service allows employees of participating businesses to direct deposit their retirement savings contributions into CRS accounts along with their

employers' matching contributions. CRS deposits are managed by the bank as money markets, checking accounts, savings accounts or other financial instruments during the period of employee withdrawal availability throughout the year. At the end of availability, the balance of the account is transferred into a standard employee retirement savings plan. The cycle of direct deposit contributions, matches, withdrawals and replenishment into employee retirement savings continues throughout the employee's CRS enrollment.

CRS offers an innovative financial service for banks to attract direct deposit cash flows and investments. CRS offers employers ease of third party management of cost-effective retirement savings plans for their employees. Employees enrolled in CRS have the option of readily using employer matching contributions or annually transferring their savings balance into retirement plans. An employee who receives a 25% matching contribution from her employer effectively receives a 20% discount on purchases when using her CRS account. Employees' ready availability of matching funds and effective discount purchases is expected to provide a net growth in reinvestment and job growth in local communities through increased expenditures.

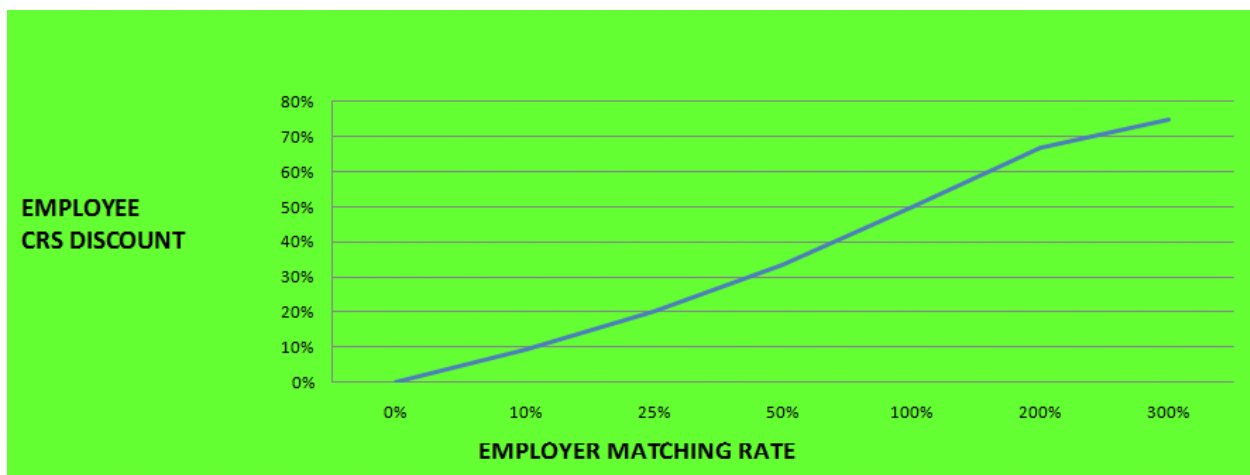


Figure 1: Employee [CRS](#) effective purchasing discounts vs. Employer contribution matching rates

Currently, cash strapped consumers are unable to benefit from matching employer savings contributions due to inability to access such contributions before retirement. CRS permits such consumers to immediately withdraw their contributions with associated matches from their employers thus providing leveraged and immediate benefits to employees who are in current need of such funds. The net effect is a maximum expansion in expenditures equal to the maximum contributable matching funds of employers for employees who were resigned to forego the benefits of employer matching funds. CRS accounts are flexible and permit immediate availability of funds for current use and end of year retirement savings. The flexibility of CRS is expected to expand employees' enrollments into retirement plans and provide a wider availability of such plans for small to midsize businesses.

CRS impact on community reinvestment is illustrated in figure 2. The graph shows a thirty-year return on CRS investment for non matching employer contributions, matching employer contributions and CRS
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withdrawals of half of employer matching contributions. Employees make a \$400 monthly contribution and there is a 5% APR on retirement savings investment with a \$10,000 retirement savings starting balance. This represents a net CRS withdrawal of \$1200 annually. The St Lucie County, Florida has a May 2011 employment of 109,200³ and with a 50% CRS enrollment rate this will add \$600 X 109,200 expenditures annually or \$65,520,000 to local community. The projected May 2011 US GDP of \$15.147⁴ trillion and employment rate of 139.779⁵ million jobs results in an average job creation of \$108,364 per year per job. Using this rate, CRS will add 604.63 jobs into local St Lucie County Florida community using above rate of enrollment and contributions. An average growth in employee spending of \$600 per year for the 139.779 million US employees results in an added \$83.8674 billion dollars or 773,942 jobs nationally.

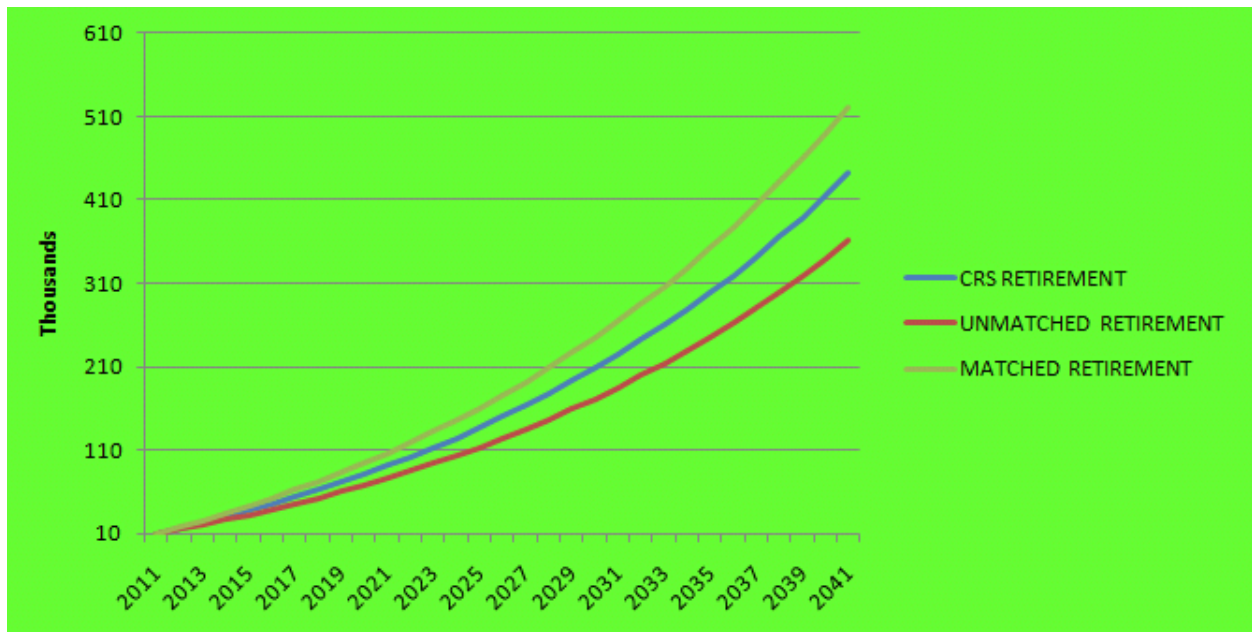


Figure 2: Thirty-year CRS schedule for \$400 employee monthly contributions with employer \$200 monthly matches and employee \$100 monthly withdrawal at 5%APR return on retirement savings with \$10K starting balance

BENEFITS

CRS major benefits are to its four stakeholders: banks, employers, employees and local communities.

Banks:

1. CRS amends banking services beyond checking and savings accounts, increases cash flows through direct deposits, and are configurable into new banking services.

2. CRS extends relationships between banks and business customers to employees of business customers through retirement savings plans that may extend beyond the period of employment with current employer.
3. CRS allows banks to develop and manage new retirement savings plans for small to midsize businesses that are cost-effective due to income stream from CRS cash flows investments.
4. CRS provides increased cash flows to banks through readily available employer matching contributions that employee may not have had due to lack of employee retirement savings contributions.
5. CRS association with other cost savings promotions such as gasoline savings and travel savings, allows banks to provide a total “lifestyle” CRS customer experience.
6. Banks managing large businesses’ CRS accounts will benefit by having a presence in diverse communities of large businesses through employees CRS accounts.

Employers:

1. CRS provides third party management of employee retirement savings plans that are cost-effective for small to midsize businesses.
2. CRS provides financial planning to employers for typical employee and employer contributions that are needed for employee retirement savings.
3. Employer enrollment into a CRS plan is cost-effective due to overhead costs being offset by CRS account balances.
4. Small to midsize businesses benefit from attracting and retaining employees through CRS cost effectiveness in offering retirement savings plans that are comparable to plans of larger businesses.

Employees:

1. CRS provides employees immediate availability of employer’s matching contributions before committing savings balance into a standard retirement savings plans.
2. CRS provides employees access to retirement planning through CRS banking service or employer CRS representative.
3. CRS is a retirement investment service that provides employee retirement savings and current spending whereby employer matching contributions, employee contributions and withdrawals allow marginal to above average retirement lifestyle, allows CRS funds availability for short term emergencies or discretionary spending and where employers are able to provide pay increases and retirement savings to employees through CRS.

4. CRS is expected to provide increases in enrollment of employees into retirement savings plans due to its availability of savings contributions withdrawals before transferring of balance into standard retirement savings plans.
5. Employees have continuous access to matching employer funds for effective discounts on their contributions with CRS purchases.

Community:

1. CRS provides additional expenditures for communities through immediate availability of matching employer contributions that may not have been available due to employee not making contributions to retirement savings.
2. CRS provides increased community reinvestment and job growth through CRS employees' spending growth.
3. CRS offers a cohesive coordination of banking, businesses and employees for addressing economic needs of community.

TECHNOLOGY/FEATURES

1. Debit card CRS annual accounts with credit card access.
2. Direct Deposits of employee and employer retirement savings contributions.
3. Annual balance transfer to employee retirement savings plans.
4. Account criteria such as minimum balance, fees, services and options.
5. Enhanced CRS account services to foster economic growth within local communities based on CRS account holder spending location (zip codes/GPS locations).

REQUIREMENTS

1. Employer HR
 - a. Employer selects CRS banking cafeteria-style option plans or single plan for all employees.
 - b. Employer opens employee CRS bank account.
 - c. EFT direct deposit set up of employer and employee matching contributions into associated CRS bank account.

- d. Employee selection of CRS banking investment options if employer selects CRS cafeteria options.
2. CRS bank cyclical management of deposits, withdrawals and annual contributions to retirement savings plan of employees' CRS accounts.
3. Termination or suspension of employees' CRS accounts due to retirement or job termination.
4. Reinstatement of employee CRS account due to new job or selection of new CRS bank.
5. Enhanced debit card location directed discount option.

CONCLUSION

The CRS service addresses the current economic downturn by shoring up employees devalued retirement accounts while concurrently providing liquidity of retirement savings. CRS is an innovative financial service with the potential of allowing continuity of financial management relationship between employees and bankers beyond changes of employment. The service expands the offerings of retirement savings for small to midsize businesses to their employees and increase cash flows for CRS banks. Employees have improved access to retirement contributions and increased participation in retirement savings plans. Improved access also permits employees' expenditures on short term emergencies and obligations. Increased employees' spending fosters job growth and reinvestment in local communities.

The CRS impact on a local community is expected to provide net job growth. Hypothetical figures for St Lucie County Florida show a net additional CRS spending of \$600 per working employee. Based on St Lucie May 2011 employment of 109,200, national employment of 139.779 million and projected GDP of \$15.147 trillion dollars, an average \$108,384 per year overhead is needed for a US job. Using the total increase in St Lucie residents spending, 604 jobs are created by CRS and 773,942 jobs nationally or \$83.8674 billion dollars in added national expenditures.

CRS lays the foundation for new innovative financial banking services for reinvestment in local communities. CRS provides a catalyst for area businesses' synergistic growth. Enhanced services such as CRS debit card banking and employer discounts by zip code or GPS locations multiply economic buying power within communities.

MCC INNOVATIONS

The Community Reinvestment Service (CRS) is an innovation of MCC INNOVATIONS, a research and development company in Port St. Lucie, Florida (www.mccinn.com .) The company's mission is to provide a clearinghouse of technological research and innovations for the business, government and contract marketplace. CRS goal is to address issues of high unemployment, erosion of retirement savings and diminished consumer spending during the economic downturn by providing growth and liquidity of retirement savings. CRS is unique in that it offers immediate access to employer matching contributions

to employees as a means of both stimulating consumer spending and shoring up consumer retirement savings. The proliferation of CRS is expected to provide improved financial lifestyle planning to American employees, greater access to retirement plans for small to medium size US businesses, and greater cash flows to US banks.

DISCLOSURE

The use of this CRS proposal is restricted by the policy guidelines of this site. Transfer or use of this content is not authorized without MCC Innovations consent. Forward looking financial projections are presented and actual results may differ than shown.

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