Foothill – De Anza Association of Classified Employees (ACE)
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Date: February 13, 2019

To: ACE Executive Board

From: Kathy Nguyen, ACE Treasurer & Chris White, President ACE

RE: Changing financial institutions

ACE maintains its fiscal resources in three separate accounts. Two accounts are held with Wells Fargo bank. A business checking account which earns no interest and usually includes approximately $18,000 to monthly operating expenses. A business high yield savings account which ears 0.005% in interest and hold over $436,284 in assets. A third account is with Cetera (East/West) investments hold two money market accounts, one for $250,000 and another for $11,473.36, and earn an interest rate of 0.025%. All accounts are FDIC insured and total $714,753.89.

After some research, ACE will be moving our financial assets from Wells Fargo and Cetera (East/West) to Citibank for several reasons:

1. **To take advantage of better interest rates.** For $760,000, ACE currently earns $1,300 a year in interest. A move to Citibank would earn ACE a little over $17,000 in interest. While ACE is not in the business of making money, the increased interest would help offset the loss of revenue from the Janus decision and the uncertainty of new employees joining ACE along with the loss of former service-fee payers (approximately $2,200 a month). Please see attached for interest rates.
2. **To meet FDIC guidelines to ensure all our funds are secure.** The Federal Insurance Deposit Corporation (FDIC) only insures up to $250,000 per account. As it stands now, $186,000 in our Wells Fargo savings are unsecured.
3. **Ease of use.** As a larger institution, Citibank would make depositing and moving funds as well as changing signatories when new officers are elected more seamless. We would also have access to financial advisors to help us better manage our funds.
4. **Timing.** The special promotions offered by Citibank combined with the fact that there would be no penalties to withdraw our funds from Wells Fargo or Cetera, changing financial institutions at this time makes good financial sense.

Current Interest Income Received @ Jan.2019					
Accounts	**Balance**	**Int.Inc./Mo**	**Int.Inc./Yr**	**%/mo**	**%/yr**
EastWest CD	$ 261,473.48	$ 64.47	$ 773.64	0.025%	0.30%
WFG - Saving Account	436,248.04	22.23	$ 266.76	0.005%	0.06%
WFG - Checking Account	17,032.37				
Ending Jan.2019	$ 714,753.89	$ 86.70	$ 1,040.40		

Potential Int.Inc Receive 2019					
Accounts	**Balance ******	**Int.Inc./Mo**	**Int.Inc./Yr**	**%/mo**	**%/yr***
CitiBank CD - 18mos*	$ 250,000.00	$ 541.67	$ 6,500.00	0.217%	2.600%
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CitiBank CD - 13mos*	$ 100,000.00	$ 208.33	$ 2,600.00	0.208%	2.500%
CitiBank CD - 6mos*	$ 50,000.00	$ 93.75	$ 1,300.00	0.188%	2.250%
CitiBank Checking	$ 20,000.00				
CitiBank Saving**	$ 44,753.89		$ 441.94		
Ending Balance***	$ 714,753.89	$ 1,385.42	$ 17,341.94		
Int.Inc gain from new accounts per year:			**$ 16,301.54**		

* The promotion interest rates are only good to the end of the length of the CD terms.

* We have 7 calendar days before the (CDs) expiration to decide to cash or to roll over.

** Saving Interest Rate: the promotion rate is 2.15% for the first 3 months. After that, it will lower back to 0.06%

*** Ending balance per January 2019 bank statements.

**** The funds are FDIC insured.