

Sharing Our Success (SOS) Submission Form

Chapter Name: Greater Birmingham

Chapter Membership Size: Small (Less than 100)

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Chapter Board Position: VP of Finance / President Elect

Chapter Website URL: birminghamatd.org

Submission Title: Making the Business Case for Simple Investments

What did you do? (a 2-3 sentence summary of your effort): Over the years, we had accumulated a relatively large reserve fund for a chapter our size, and we realized we were not putting that money to good use. We took a systematic approach to evaluating how much of that reserve we could safely invest, created a way to evaluate the return and risk of several investment opportunities, and created a business proposal to present to our board.

Who benefitted from this effort (Target Audience) Check all that apply: Chapter Members
Board Members
Potential Chapter Members

Why did you do it? What chapter needs were addressed?

After the pandemic, another chapter in our state was unable to continue operations, so we welcomed them as members of our chapter. Along with their small membership group, we received all of their financial resources, which gave our chapter a sizable reserve fund. After addressing some short term needs in our technology and infrastructure, we just placed that reserve fund into a traditional savings account with our financial institution. When we started to notice we were only earning pennies each month on our reserve fund, we began to discuss what it might look like to invest a portion of those funds in an investment vehicle that would provide a better return. We researched several investment types: mutual funds, money market accounts, and certificates of deposits; and we created a spreadsheet to help us evaluate the risk, determine how much we should invest, and which investment strategy was right for our chapter given our limited financial experience and a need for a hands-off investment.

We addressed a problem common to many chapters: creating as many revenue streams as possible with as little risk as possible by creating a simple-to-manage, passive income stream, we're putting the financial resources our members have entrusted us with to good use for their future benefit. In other words, we're being the best stewards of our chapter members' funds.

What were the measurable outcomes? (May include data regarding financial gains, membership increases, target audience satisfaction levels, publicity for the chapter or for the profession, etc.)

After consideration, our chapter chose to invest \$15,000 in two separate Certificates of Deposit with different maturity dates, one a fourteen month CD (\$12,500) and the other an 8 month CD (\$2,500). After three months, we have been paid \$159.16 in interest, with another \$15,68 in unpaid interest on the larger CD, and we have accrued \$33.99 in unpaid interest on the smaller CD. Our basic savings account with a similar balance has earned only \$2.40 YTD.

During our analysis, we estimated that we would earn approximately 285x more in interest using this investment strategy than if we just left these funds in our basic savings account. We estimated we would earn approximately \$835 over fourteen months with this strategy, and we are on track to achieve a number very close to that estimate.

What steps did you take to implement this effort? (Remember that other chapter leaders will use this to replicate the effort. Be specific)

We would still like to turn the following process into a spreadsheet that we could share with chapter leaders. What we currently have doesn't do all the calculations for you, but that's something we're working on so we can use it for future evaluations. Here was our basic process:

1. Reserve Fund Requirement Evaluation -- How much do we NEED to have in reserve to be CARE compliant? How much do we need to have to feel overly comfortable as an organization? (Sometimes these answers are the same--sometimes they're not.)

2. Research different investment options. We looked specifically at mutual funds, money market accounts, and certificates of deposit. You have to really understand the returns and the risk involved with each option and make the decision that best fits your needs.

3. Business Proposal: We created a simple-to-understand proposal for our chapter board, so they could understand our reserve requirements, how much we had been making on that reserve in recent history, and provided several options for different ways to move forward. Because we ultimately decided that certificates of deposit made the most sense for us, we provided different options for CD combinations that would maximize our return based on different risk tolerances.

4. Board Approval & Investment: Once we had our proposal, we shared it with the board members prior to a meeting, so they could digest it and ask questions. Then, we received a consensus approval during our meeting on the proposal we felt made the most sense. After that, we met with a representative from our financial institution and made our investment.

The entire process was relatively straightforward, with a little forethought and work to get the proposal right for our board members to understand and approve.

Is there anything you would do differently?

Other than acting sooner, the only thing we would have done differently is perhaps talk to a financial advisor with more experience in other investment types. However, because we had such a small amount to invest, a simple investment like certificates of deposit was by far the most sensible for us given the amount, the current interest rates, and our desire to have an extremely low-risk investment.

When did you start working on this effort?

May 01, 2023

When did this effort go live?

Aug 25, 2023

Approximately how many hours were spent working on this? Include an estimate of hours spent across all board members and volunteers.	12
What resources did you use? Check all that apply:	Chapter funds Board Members
How much money was spent?	There was no monetary spend other than our time.
Which board positions were involved in the effort?	VP of Finance, VP of Technology
Do you have any additional insights to share with other chapters implementing this effort?	I would just say if you have a comfortable reserve fund, think about ways you can make that money work for you instead of just letting it collect dust in a savings account. Even though safe returns may seem small, they will add up over time. We have thought about it in terms of making enough of a return to fund one event per year with our investment return. This may not seem like a lot, but it's one less thing we have to find a way to fund, and we all know how difficult it is to maintain good financial health in our chapters!
Please attach any documents that help support this submission. It is highly encouraged to submit editable files (ex. Word, Excel, etc): (additional documents and documents over 2MB should be sent to sos@td.org)	https://www.formstack.com/admin/download/file/15594850733
How did you become familiar with the Sharing Our Success (SOS) program? Select all that apply:	ATD Chapter Leaders Conference (ALC) National Advisors for Chapters (NAC) NAC Area Call Leader Connection Newsletter (LCN)
Would you be willing to apply to present on this submission at the ATD Chapter Leaders Conference (ALC)? *Request for Proposals (RFPs) open in May of each year at td.org/alc. Selected session facilitators receive complimentary registration.	Yes
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