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Rebooting Your Community After COVID

**A Workshop on How to Invest Locally
Using Self-Directed IRAs and Solo 401ks**

TO: Potential Partners

FROM: Michael Shuman, Neighborhood Associates Corporation (NAC)

RE: Organizing a Workshop for Your Region on Post-COVID Reconstruction

The world is in the throes of the worst pandemic in a century, and local economies everywhere are crashing. When the pandemic recedes, we all will be called upon to take extraordinary steps to revive the local businesses that serve as the foundation of our communities. One critically important step will be for you and other members of your community to move your investment capital from Wall Street to Main Street. Without new capital, your businesses will go bankrupt and your community will spiral downward. This workshop is designed to help your community develop a specific, comprehensive local investment strategy that can save your local businesses.

At the heart of the strategy is to teach your community how to tap their pension funds for local investing using Self-Directed IRAs and Solo 401ks—what I call DIY Accounts. That's the focus of my new book, *Put Your Money Where Your Life Is* (Berrett-Koehler, June 2020). What follows are details about the objectives of this workshop, the target audience, the content, fees, and partnership details.

I am keenly aware that COVID-19 may demand our following new rules of social distancing for much of the rest of this year. *Presume therefore that this workshop will be virtual.* Should an on-site visit become feasible and safe, I've shared information on what these would look like as well.

Background

Wall Street is no longer a roller coaster, it's a runaway train heading over a cliff.

How are you feeling about losing at least a fifth of your retirement savings? Or thousands you diligently tucked away for your kids' education? Your investment adviser is no doubt telling you to stay the course, think long term, ignore the fluctuations, remember the market always comes roaring back. But things could also get worse. Much worse.

The economy may be spiraling into a depression, and tens of millions of Americans are focusing on three essential questions:

- How can I rebuild my community and its economy after the ravages of COVID-19?
- How can I make my community more resilient to prepare for future global crises that will come from new pandemics, climate disruption, and economic collapse?
- How can I move my money into the businesses, projects, and people I love—and out of the dangerous Wall Street casino?

But with respect to the last question, what's the alternative? Not much, insist mainstream financial advisors. Even now, most of us continue to invest our money in the stocks and bonds of the world's biggest companies we barely understand. Our mutual fund managers, pension fund representatives, and investment advisors still insist these investments are the best bets for growing our wealth. Really?

Superficially, we are given many choices: Value or growth companies. Big cap or small cap. Stocks or bonds. US-based or foreign businesses. Socially responsible or not. But in the end, all these investment choices are more limited than we think.

There *are* real alternatives, but few know about or consider them. In fact, you can invest in everything else that matters to you. You can put your money into that neighborhood grocery store you love, your little sister's first house, or your nephew who needs to pay off high-interest student loans. If you're smart about local investing, you can do this in a way that provides substantial, stable financial returns and lowers the risk of Wall Street investments. Plus, these commonsense local investments wind up strengthening your community, your local resilience, and your tax base.

If you and others in your community are interested in how to get your pension savings out of global companies you distrust and into everything else you love, you need this workshop. I will show you how you can deploy two well established—but rarely used—tools to expand your investment options. These are the Self-Directed IRA and the Solo 401k. The workshop aims to dispel all the myths, confusions, and worries about these do-it-yourself tools—and will show you how you can deploy them to improve both your own and your community's bottom lines.

Audience

Who might find this workshop useful? The target audience is anyone in your community with a tax-deferred retirement account, whether a 401k or IRA, interested in moving some of his or her money into local businesses, projects, or people. But many others might benefit from this workshop as well, including:

- Local businesspeople looking for new sources of capital (who might be able to convince more investors to invest in their businesses using DIY tools).
- Economic developers and consultants with an interest in local business, economic gardening, “Think Local First,” or entrepreneurship (who might want to tap the power of grassroots capital).
- Local bankers, credit union managers, investment advisors, brokers, pension fund managers (who might be interested in providing new products and services to their clients).
- Local politicians and civil servants (who might be looking for new ways to solve local economic problems and strengthen local resiliency).
- Local philanthropists and community foundation leaders (who wish might to supplement their philanthropy with local investment initiatives).
- Professors and students involved in relevant fields in business, investment, economic development, planning, and local governance.

Workshop Content – An Overview

By the end of the workshop, attendees will be able to answer the following questions:

- Why are local businesses so important to community prosperity? How can they increase my community’s resilience against future pandemics and other global threats?
- What are arguments for and against local investing? The risks? The likely returns?
- What are the twelve kinds of local investment opportunities available in almost everyone’s backyard? Which are most likely to beat the returns from Wall Street?
- What are the basics of the DIY Accounts? How do they differ from conventional IRAs and 401ks? How do they differ from one another?

- How exactly can you set up these DIY Accounts up? What companies are best? How much can you expect to pay?
- What are the ten ways you can find promising local investments in your own backyard? How might you invest in your own business?
- What's the right way of evaluating local investments? What are the key questions to ask? How should you think about your own tolerance for risk and needs for liquidity?
- What kinds of investments are you prohibited from making with your DIY Accounts? What are the penalties for violating the rules? What are simple ways to steer clear of any dangers?
- What's required to administer your DIY Accounts? What forms must you file? How can you take distributions?
- What new kinds of local investment options can you expect in the coming years? What new kinds of investment funds, local stock exchanges, and laws might we face? How can you stay on top of everything?
- What are the next steps I can take—myself and with others in my community—to shift millions of dollars of capital into local businesses struggling to survive the COVID pandemic.

Workshop participants will learn a fundamentally new way of thinking about their world, their community, and their money. And a fundamentally new way of acting.

Virtual Workshop Content

Below is the starting assumption about what the typical workshop schedule looks like. It could be spread out over a day, over a week, even over a month—whatever you prefer. Because all the group meetings will be done over Zoom and we're all learning that Zoom meetings can be exhausting, I suggest spreading it over at least a few days.

Engagement Mode	Topic
Group Meeting (60 mins)	Introduction
Online Modules Viewed	Why Local Matters
	Basics of Local Investment
	Promising Local Investments
Group Meeting (60 mins)	Questions & Discussion
Group Meeting (60 mins)	Presentations of Assignment #1 (60 mins)
Online Modules Viewed	Basics of DIY Accounts
	Setting Up an Account
	Finding Local Investments
	Evaluating Local Investments
	Prohibited Transactions
	Administering Your Account
Group Meeting (60 mins)	Questions & Discussion
Group Meeting (90 mins)	Presentations of Assignment #2 & Wrap Up

Between the group meetings, participants will do two different things. They will watch short modules on different topics lasting 20-30 minutes, and they will prepare (and then share) two different assignments. The first is to prepare a local investment plan for yourself. The second is to prepare, in small groups, a local investment plan for your community.

I welcome suggestions for modifying this agenda. You may add topics, delete others, and play with the order and time allocations. I also invite your sharing with me before the workshop local examples and stories to include in the discussion. *The goal, of course, is to maximize the usefulness of this material for your community's needs and for stimulating follow-on action.*

Additionally, every participant will receive a copy of my new book and a workbook for the workshop. The workbook, which participants will download, will contain copies of the slides and additional information about how to get started with DIY Account.

A note for Canadians and others abroad: The specifics of the U.S. DIY accounts will not be useful to you, but at least half the modules will be. If you want to proceed with a workshop, I can prepare (with your help) 1-2 modules specific for your country's investment laws.

Fees

You have your choice of two fee arrangements. Option A is for those who feel more comfortable fundraising for the workshop. Option B is for those who prefer to charge a fee to participants and work with us to sell tickets.

Option A – Raising Money for a Workshop

If you want to raise funds, the baseline cost is \$4,000. Between 2012 and 2019, I held more than two dozen workshops across North America, and most partners preferred this option. Underwriters of those workshops included local banks and credit unions, local business networks, foundations, brokerages, businesses, and philanthropists.

If you go this route, I will provide you with a basic proposal (similar to this document) that you can modify and submit to your target funders.

You also may decide that you want to charge participants a fee, in which case you will be in charge of selling tickets. The amount you charge is totally up to you, and you keep all the proceeds. *In principle, this means you could actually make several thousand dollars.*

Option B – Charging Participants a Fee

The second option envisions our working together to sell tickets. If you hate fund-raising and prefer being a bit more entrepreneurial, this the better option.

Under this arrangement, the basic fee for each participant in the workshop is \$149 (\$99 for those on limited incomes like students). I will provide a link where people can sign up, and my colleagues and I will handle ticket sales.

As partners, we will work together on marketing and execution to ensure a good turnout.

Partnership Responsibilities

Under either fee option, your responsibilities as partner are the following:

- *Co-Sponsors*: You agree to recruit at least five co-sponsors, each of which will e-mail at least 2,500 people in the region to advertise the event. This is a critical way to spread word. Anything you and the co-sponsors do beyond this—through social media, for example—will be greatly appreciated and will increase the chances of a successful workshop.
- *Book Distribution*: I will send you a box of books, and it will be up to you to get them into the hands of workshop participants. The easiest way, of course, will be for participants to pick up their copies from your home or office.

For my part, I will provide you with:

- *Free Tickets for You*: You will receive four complimentary tickets to the event—one for yourself and three for anyone else in your community.

- *Free Tickets for Co-Sponsors:* As an incentive for recruiting co-sponsors, I will give each recruit (that is, each group that agrees to send at least 2,500 e-mails) two complimentary tickets.
- *Marketing Materials:* I also will provide you with simple marketing materials (e-mails, brochures, flyers, posters, etc.).

Fine Print Stuff

The most important provision is this: By 30 days out, we will need a commitment of at least \$2,000 to proceed. That is, a deposit check for \$2,000 (Option A) or at least 13 full-price signups (Option B). If we haven't sold enough tickets or identified sufficient sponsorships/funders at this point but you are confident you will, you are welcome to write a check for the difference so that we meet the \$2,000 threshold.

If we fall short of this threshold, we'll have a conversation to figure out whether we should reschedule the date (to give us all more time to market) or just cancel.

Other important understandings:

- *2+ Months Planning:* Let's give ourselves at least 60 days between agreeing to proceed and holding the event.
- *Cancellation:* More than 30 days out, either of us can cancel for any reason, in which case I will refund all ticket sales.
- *Pre-Event Communication:* I'm happy to have one in-depth telephone conversation for planning, up to one hour, with you and your colleagues about the content, title, format, etc.
- *My Preparation:* I'm grateful if you can send me articles, reports, studies—whatever provides me with background on your community. Best to email this to me or send to 2700 Hardy Ave., Silver Spring, MD 20902.
- *Op-Eds:* Many groups want me to write an op-ed for the local paper before the event, and this almost always pays off in attendance. An associate of mine can prepare an op-ed tailored to your community for \$200.
- *Recording:* Recording of the group sessions is permitted. Reproduction of the modules is prohibited.
- *Contract:* If we agree to proceed as partners, we will sign an agreement that formalizes the main points of this memo.

If COVID-19 Recedes...

...I would be delighted to do the workshop in person over one full day, rather than virtually. The main difference is that the baseline price would be \$5,000 instead of \$4,000, to cover the costs of travel. And the financial commitment 30 days out would be \$2,500 instead of \$2,000.

Your additional commitments would be these:

- *Venue:* You will need to find an appropriate venue, hopefully at low or no cost, that can fit at least 50 people. A classroom at a community college would be perfect. You will also need to arrange for appropriate AV equipment (projector, screen, and microphone).
- *One Staff Person:* You will need to provide one staff person for the day of the workshop who will collect any fees not paid in advance and keep beverages (like coffee and tea) well stocked. This could be you.
- *Food:* You will need to hire and pay for a caterer who will provide coffee, tea, and other beverages throughout the day, and a simple lunch.
- *Evening Event:* If you want, I will do a free, public event the night before the workshop. (I would normally charge \$2,500 for this.) This could be at a local bookstore, at a local church, or in a school auditorium. This might be a way of raising interest in the event or just raising local consciousness around local investing. You are responsible for organizing the event.

Again, any live events will require the COVID virus to recede considerably.

Next Steps

I'm of course happy to answer any questions you have about this document via e-mail (shuman@igc.org) or phone (202-669-1220).

If you want to book a date, please let me know and I'll send you a short contract for signature.

Finally...A word of thanks and appreciation for considering this partnership.