

Frequently Asked Questions

Q. What is the Trust's Reserving Policy?

A. Each member has a reserve account. Quarterly deposits and investment income are added to the reserve account, and benefit claims and expenses are paid from the reserve account. The balance in this account is built up over a period of ten years to an amount approximating 2.25% of gross payroll. This level is established to provide stability of annual deposit amounts for improved budgetary planning while limiting the size of the reserve to each member's actual risk. The risk is kept at a very low level by our unique stop loss coverage. The reserve account target does not fluctuate with changing patterns of claims activity, and no other member funds are retained for estimated claims.

Each participating organization owns all the funds in its interest-bearing reserve account, which can be withdrawn promptly without penalty.

Q. How does the Trust calculate how much each member deposits into its reserve account?

A. The experience rating process used by the Trust has been developed and refined over the years to reflect the experience of each member, allowing for maximum control of costs through controlling claims. The calculated deposit includes amounts for estimated claims, operating expenses, and an amount calculated to build the member's reserve account to the targeted goal over 10 years.

Since reimbursing employers in most states have no other reason to calculate taxable payroll for unemployment purposes, we base our calculations on gross payroll. Responding to another preference of our members, deposit billings are in quarterly equal amounts, rather than having larger bills in the first one or two quarters of the year. To stabilize member deposits and simplify the member accounting process, we calculate a net annual deposit, including an offset for member reserve account investment income.

Q. Whom do we call to get information about our reserve account?

A. Contact the trust administrator at (800) 442-4867.



10080 North Wolfe Road
SW3 Suite 250
Cupertino, CA 95014

(800) 442-4867

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Providing Information and Updates to Nonprofit Organizations

SUMMER 2007

JAT and NAT Celebration

There will be something very special about the gathering of the Trustees this September in Seattle. In addition to a regular meeting, there will be a celebration of the 25th anniversary of the founding of the Joint Agencies' Trust and the 21st anniversary of the founding of the Northwest Agencies' Trust. "We've come a long way and done a tremendous amount of good since those 14 charter members created the first trust back in 1982," says Trust Chairman Doug McLendon. "This celebration will be about honoring them. Because of their vision, it is estimated that our members have been able to return hundreds of millions of dollars to their communities instead of spending them on unemployment costs during the last quarter century.

While we would like to hold an anniversary celebration in each region for Trust members, it simply isn't cost effective. Instead, we would like to offer attendance to one member representative and guest from each region.

To select the representatives, the Trust is sponsoring a contest whose prize is a trip to the Seattle event for each of six regional winners and a guest. The winners will have all their expenses paid, including airfare and two nights of lodging at the Fairmont Olympic Hotel. On Thursday, September 13, they will join the trustees on an Argosy Cruise ship for dinner and a celebration on Puget Sound.

To enter the contest, submit a brief statement about membership in the Trust: how it has made a difference for your organization, the money it has saved, possibly a special memory or any other appropriate topic. The winners will be selected by random drawing from submitted entries with one winner coming from each of the Trust's six regions: East, South, Southeast, Midwest, West, and Northwest. Entries must include the person's name, title, and organization name.

All entries may be used in Trust materials such as this newsletter, educational brochures given to prospective members, and the Trust's web site. Deadline for submitting entries is Friday, July 13. Winners will be notified by Friday, July 20.

To submit an entry, or if you have questions, contact Member Services Director [Lorraine Phillips](mailto:lphillips@501c.com) by e-mail (lphillips@501c.com) or by phone (800-442-4867).

A Salute to Our Charter Members

A quarter century ago, a handful of agencies in the United Way of Silicon Valley met to discuss a new concept designed to alleviate the ever-increasing costs imposed upon them by their state unemployment insurance system. They were told that, because of a change in the law a decade earlier, nonprofits were now able to opt out of their state system and instead reimburse the state for benefits paid to their former employees.

The following year, 14 of those agencies took the bold step of leaving their state system and banding together to form the grantor trust that we know today as the 501(c) Agencies Trust. Five years later a second trust was established by some equally forward-looking agencies in the state of Washington.

The nonprofit professionals who pioneered the trust were obviously people of great vision, but probably few of them foresaw what the program would become today: an organization with nearly 1,600 members in 45 states and the District of Columbia, and more than \$60 million in assets. On behalf of the many agencies that have saved millions of dollars in unemployment costs over the years, we want to recognize these agencies here.

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From the Chair

It has been six months since we became the new 501(c) Agencies Trust, and I want to address the question of how things have gone thus far. The short answer is, "Exceedingly well."

For the members, the merger has been almost totally transparent. The support structure that the Trusts built up over the years remains the same. As we promised in the months leading up to the merger, the same people are here to answer members' questions. There isn't so much as a single new phone number to learn.

Most importantly, we are a bigger, stronger Trust. Our members now have a combined payroll of more than \$3.5 billion. Our net assets are approaching \$60 million.

In January our expanded board held its first meeting via conference call in order to take care of certain housekeeping matters such as the election of officers and the assignment of committees.

We held our first regular meeting in San Jose, California, in March, with all but two trustees attending. In the corporate world, the first meetings of a merged group can be awkward as people get to know each other. That was not the case here. A stranger sitting in would have thought we were colleagues who had worked together for years. We had a lot to cover in a full day of committee meetings and a half-day board meeting. Most importantly, we completed work on two major items: the annual budget and the Trust's handling of the merged investments.

Our remaining meetings for the year are scheduled for June (Washington, D.C.), September (Seattle, Washington) and November (Orange County, California). The September meeting will celebrate the **25th Anniversary** of the founding of the Joint Agencies' Trust and the **21st Anniversary** of the founding of the Northwest Agencies' Trust. Elsewhere in this newsletter is a story about the September meeting, including a description of a contest which will award an all-expense-paid trip to the Seattle event for each of six winners and a guest.

As you will see in the Annual Reports, 2006 was an extraordinarily good year for both Trusts. Investment growth was excellent. With a bigger and even stronger merged Trust, I look forward to a strong 2007 and future years for Trust members. We are here to serve you.

If you have any questions about any of this, please call the Trust Administrator at (800) 442-4867 or e-mail me directly at dgmclndn@aol.com.

A Reminder for When You Call

When you leave a phone message with the Trust or the Trust Administrator, please be sure you leave all of the following information:

- Agency name
- Your full name
- The return phone number
- If the call is about a claim, the name and Social Security number of the claimant

"The vast majority of callers routinely do all this," says Member Services Director Lorraine Phillips, "but occasionally someone forgets to leave a vital piece of information, and that can make it difficult for us to respond."



Doug McLendon
Chair, 501(c) Agencies Trust
Advisory Council
Second Harvest Food Bank,
Santa Clara & San Mateo Counties

Trustees

William Tsoukalas, Vice Chair Executive Director Boys & Girls Club of Snohomish County	Russ Hayward Executive Director YMCA of San Joaquin County
Jack Holmes, Secretary-Treasurer President and CEO United Way of Central New Mexico	Irv Katz President and CEO National Human Services Assembly
Bill Bentley Executive VP & COO Points of Light Foundation	JoAnn Lumsden Vice President of Finance, CFO Aloha United Way
Virginia Clark Human Resource Manager Boys & Girls Club of South Puget Sound	Peggy Sanchez Mills Designated Representative YWCA USA
Kathleen DiChiara President/CEO Community FoodBank of New Jersey	Dennis Morrow, M.A.Ed., M.B.A. Executive Director Janus Youth Programs, Inc.
Marilyn Ditty Executive Director South County Senior Services	Shawn Mosey Chief Financial Officer YMCA of the Inland Northwest
Carol Frye Chief Operating Officer United Way of Columbia Willamette	Glenn Permuy Senior Vice President for Services to Clubs Boys & Girls Clubs of America
Araceli Gaytan Finance Officer Virginia Garcia Memorial Health Center	Kirk Springsted Vice President, Administration Connecticut Community Providers Association
Debby Graham-Hockstaff Executive Director Center Force	Bill Underwood Retired Chief Professional Officer United Way of Sacramento
Peter Grignon, CPA Vice President of Finance United Way of Pierce County	

Schedule for Workshops, Live Meetings

The following is the current schedule for workshops and live meetings. For specific details on times, locations, and enrollment, contact Member Services Director Lorraine Phillips by e-mail (lphillips@501c.com) or by phone (800-442-4867).

Workshops

June 5: Boston
June 6: Hartford
June 7: Baltimore
July 18: New York
July 19: Pittsburgh
July 20: Philadelphia
July 19: Hillside, New Jersey
July 20: Toms River, New Jersey
August 9: Portland (OR)
September 12: Seattle, Tacoma
September 27: Indianapolis
November 29: Orange County, CA

Live Meetings

June 15: Maine
June 20: Georgia
August 14: Eastern & Southern Oregon
August 15: Florida
August 16: Hawaii Outer Islands
September 18: Eastern Washington
September 19: Southern Washington
October 23: Rhode Island
November 20: South Carolina
December 4: West Virginia

Stop Loss Protection Benefits 46 Members

Once again, the Trust's stop loss coverage has come to the aid of members in a major way. Forty-six organizations benefited from a total of \$729,647 in stop loss compensation for the 12-month period from October 1, 2005 to September 30, 2006.

The average benefit was \$15,862. The largest went to two organizations whose recovery totaled \$135,383 and \$132,979 respectively. Fourteen more organizations had recoveries in excess of \$11,000.

All Trust members have stop loss coverage. The insurance repays a member's reserve account if unemployment claims exceed the member's deductible. "Because of our diligent claims management program, the Trust is able to provide members with the lowest stop loss insurance deductibles available," says Terri Oakley, Program Administration Director. "That means lower deposit requirements for you, increasing your available program funds while protecting your budget from unnecessary risk."

The coverage not only protects members from one-time catastrophes, it also prevents the budgetary crises that can result from routine unexpected claims. "It's great protection to have because you never know when the unexpected might occur," Terri points out.

Join the Membership Campaign

As we celebrate our 25th and 21st anniversaries respectively of the former Joint Agencies' Trust and the Northwest Agencies' Trust, now the 501(c) Agencies Trust, we invite our members to join a membership campaign to help us save even more nonprofits money on their unemployment costs. Your referral to an organization that ultimately enrolls in the Trust will reward your own organization by crediting your reserve account \$250 for each new enrollment from your referrals.

For more information, contact Lorraine Phillips at lphillips@501c.com or call her at 800-442-4867 ext 147.

To make referrals, fill in the following form and send to Crystal Perez at cperez@501c.com or fax to 800-449-8563. Be sure to include your name and organization, too, so we can credit the correct account.

Potential Trust Member _____

Contact Name _____ Phone _____

Referred by _____ Phone _____

Organization/Trust ID # _____

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A Salute to Our Charter Members

The following **13 California agencies** were founding members of the Joint Agencies' Trust and are still members today:

ARC of San Joaquin County, Stockton
Big Brothers/Big Sisters of the Bay Area, San Francisco
Children's Center, Stanford
Community Child Care Coordinating Council, Hayward
Community Music Center, San Francisco
Community Solutions, Morgan Hill
East Valley Community Clinic, San Jose
Estrella Family Services, San Jose
Fairfax-San Anselmo Child Center, Fairfax
Family Service-Marin County, San Rafael
Family Service-San Mateo, San Mateo
Gardner Family Care Corporation, San Jose
Silicon Valley Independent Living Center, San Jose

The following **23 Washington agencies** were founding members of the Northwest Agencies' Trust and are still members today:

Atlantic Street Center, Seattle
Big Brothers/Big Sisters of King/Pierce County, Seattle
Birth to Three Development Center, Federal Way
Boys & Girls Club-King County, Seattle
Center for Human Services, Shoreline
Chinese Information & Service Center, Seattle
Community Services for the Blind, Seattle
Crisis Clinic, Seattle
El Centro De La Raza, Seattle
Family Services of King County, Seattle
Food Lifeline, Shoreline
Hearing, Speech & Deafness Center, Seattle
Kent Youth & Family Services, Kent
Lutheran Community Service NW, Seattle
Lutheran Compass Center, Seattle
Planned Parenthood - Western Washington, Seattle
Puget Sound Neighborhood Health Center, Seattle
Ryther Child Center, Seattle
Seattle Children's Home, Seattle
Stroum Jewish Community Center, Mercer Island
Transitional Resources, Seattle
United Way-King County, Seattle
YWCA of Seattle/King County, Seattle