Conscientious Credit Funding Organization

WHOLE SOCIETY ECONOMICS

HOW TO FUND OUR SURVIVAL

CCFOglobal.org

Whole Society Economics

FUNDING REIMAGINED

The published report by the Nobel Peace Prize winning United Nations Inter-Governments Panel on Climate Change (IPCC) on 9 August, 2021, leaves no doubt. The human race is facing catastrophic disruption leading to extinction. To survive humankind must act immediately with levels of funding beyond the scope of anything heretofore imagined.

No matter how much governments tax and incur debt to address our existential needs, it will not be enough. The magnitude of what must be spent is beyond what governments alone can do. This concept paper is a call to action to fund both climate survival and to address existing social inequities.

We need a new economic perspective on how to fund absolutely critical, existential, and major initiatives. We propose a new paradigm, ***Conscientious Credit Funding*** designed to involve and excite the public at large to actively participate in developing a survivable and equitable future. Our methodology generates new, sustainable, and renewable funding. To accomplish this end, there has to be a new model of politico-economics.

Imagine $Trillions of funding

WITH:

$0 in direct government spending
$0 increase in government debt
$0 of new taxes

The truth is, money is not the problem:

$ 402 trillion USD Net Wealth worldwide
$ 123.5 trillion USD Household Net Wealth U.S.A.
$ 17.5 trillion USD ON DEPOSIT in U.S. banks.

So collectively, we have the money. The question is how do we incentivize the deployment of net wealth into the economy?

Whole Society Economics outlines a theorem and practices to motivate all components of society to work to benefit everyone by creating funding for social and existential imperatives.

Several axioms and qualities of Whole Society Economics share many of the cornerstones of other political science and economics theories:

1. The primary role of governments administering Whole Society Economics is to involve the whole of society to engage in social equity and existential mission critical programs to benefit the whole of society. To do this, wealth must be deployed into the economy.

2. People are basically good, and they care about others. When paying back for benefits received means helping the next person in line and/or all of society, most people will accept the financial responsibility.

3. People will act in their own self-interest, especially for survival. This means investments or returns have to be re-oriented from simply dollar on dollar return on investment to metrics of units of climate survival per dollar and measurements of social impact per dollar.

4. Humans feel empowered when joining in a common effort to do something larger than what they can do solely by themselves.

5. The wealthiest people have an implicit, as well as self-serving responsibility to prevent catastrophes and create more wealth.

6. Given a clear choice of losing a portion of their accumulated wealth or keeping it, most people would elect to keep it.

7. Given the proper economic incentives and safeguards, people will join together to fund massive projects.

The CCFO Funding Cycle

How do governments, actively working with and for the public, provide adequate incentives and security for that public to leverage a portion of its net worth to expeditiously finance colossal changes on a magnitude greater than anything before?

The answer is to design a comprehensive financial system that provides fiscal rewards to people for creating credit, based on their net worth, while safeguarding their ownership and protecting their capital from any losses.

The net result of implementing such a paradigm would be to build on people being good; allow them to act in their own self-interest; fund their own survival; create a massive movement allowing individuals the empowerment to participate in making a change.

In economic terms the following Conscientious Credit Funding Organization (CCFO) Funding Cycle would provide new levels of *monetary liquidity* (available financing) while accelerating the *velocity of capital* (speed of money movement within the economy). These two factors are the hallmarks of a thriving, growing, and sustainable economy. The Funding Cycle establishes new, continuous, renewable, and sustainable funding.

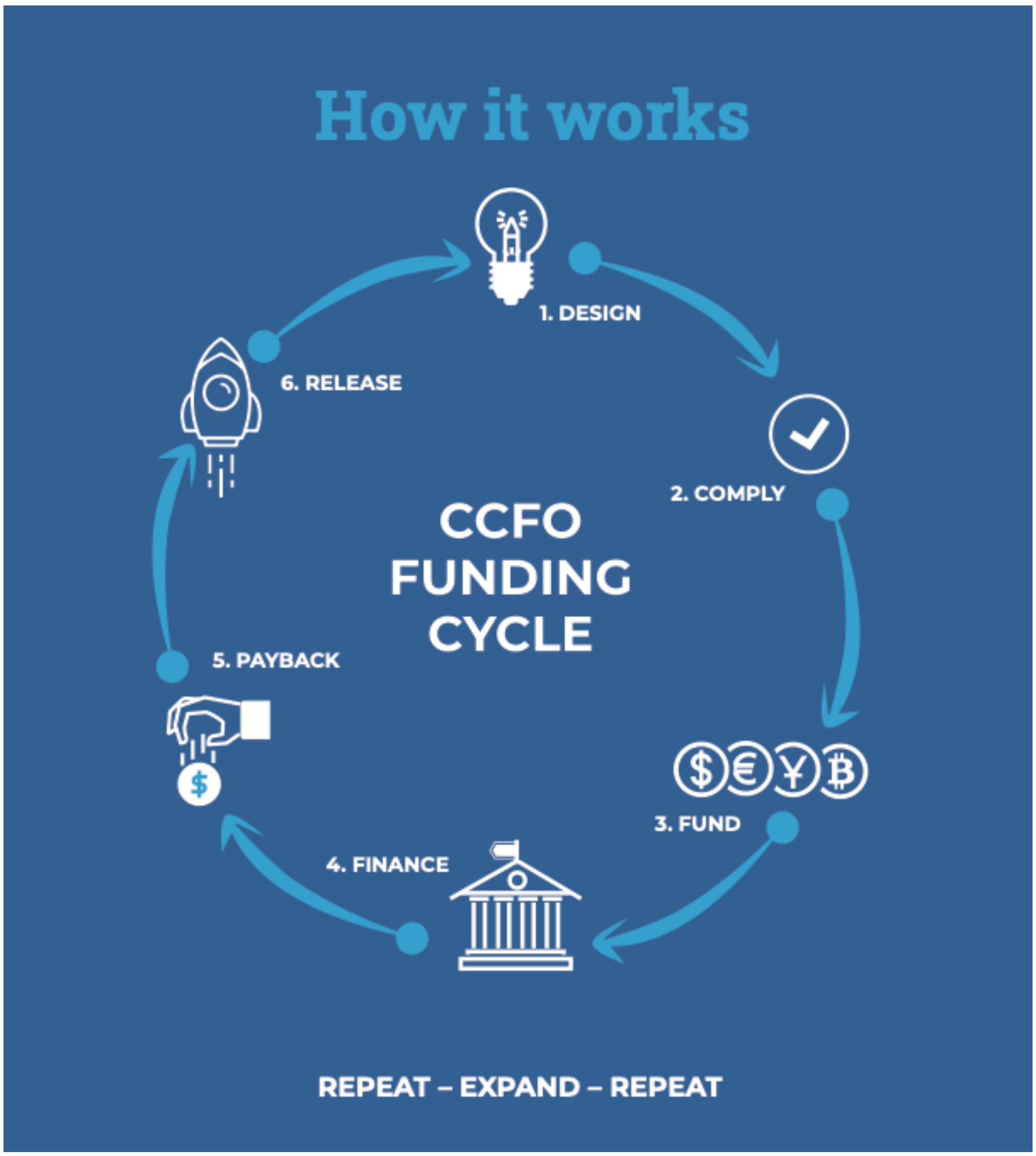
The underlying principle is Credit Enhancement.

> Credit Enhancement is a method whereby a borrower or a bond issuer attempts to improve its debt or credit worthiness. Through credit enhancement, the lender is provided with reassurance that the borrower will honor its repayment through an additional collateral, insurance, or a third party guarantee.
>
> http://www.vivro.net/blog/Credit-Enhancement--An-Overview

Fundamentally, credit enhancement is as old as trade itself, whenever a third party financed an expedition or other endeavor.

The CCFO Funding Cycle

CCFO's program is simple, transparent, comprehensive, and conscientious.



Here’s how the Funding Cycle works

The program uses existing financial structures to allow people to create direct finance for projects they want to support. Initial pilot programs will originate out of corporate self-interest, market demands, corporate goodwill, altruism, and survival instinct. Partially minimized risk may be sufficient for these types of fundings.

Where more than those motivating factors are required, guarantees and insurance policies fortify the economics of a program by further reducing the risk of any net wealth principal. Governments can issue guarantees on project previously funded by taxation and more debt. These added risk mitigations open the door to public participation through celebrity promoted Master Limited Partnerships, in a manner similar to the U.S. World War Two bonds, to fund designated existential projects with individual contributions as low as $500.

In every CCFO program a clearly defined and contracted payback is built in to ensure that the Funders’ assets are released at the completion of the project.

This approach will inject $Trillions into the global economy by increasing availability (monetary liquidity) and accelerating the circulation of money (velocity of capital.)

This is the six-step process for Conscientious Credit Funding.

DESIGN→COMPLY→FUND→FINANCE→PAY BACK→RELEASE

(REPEAT)

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1. DESIGN

CCFO reviews and custom designs the full funding and payback cycle of a potential project to generate bank financing while protecting the Funders.

CCFO works on specific projects to explicitly define with full disclosure and transparency each step of the cycle in order to identify all the components required to move forward. CCFO provides contracts to govern each step of the cycle. Each Project Operator agrees to adhere to the case-specific plan to safeguard and release the Funder's collateral pledges. All fees, costs, and participations, if any, are delineated at this point.

2. COMPLY

Risk Mitigation – means protecting Funders' money. Insurance protections and/or Government guarantees are attached to a project, whenever corporate self-interest or altruism is not sufficient motivation.

To safeguard the Funders from calls on their collateral pledges, the government will issue guarantees, or CCFO will find stop-loss insurances, and completion bonds will be required.

To obviate direct Government funding on massive initiatives, the same Governments will issue Guarantees to protect the collateral pledges of Funders.

CCFO will assist Project Operators to package their submission for stop loss assurance policies from major Special and Reinsurance companies, e.g., Swiss RE, Ltd., Munich reinsurance Company, Hannover Ruck, S.E., SCOR S.E., Berkshire Hathaway, Lloyd's, China Reinsurance Group, Reinsurance Group of America, Inc., and Korean Reinsurance Company, to name a few. See the top fifty global reinsurance companies at: https://www.reinsurancene.ws/top-50-reinsurance-groups/

These types of financial assurance policies typically cost an up-front, one-time premium of 5-10% of the total loan. They underwrite the cost to assume the risk of full payoff of the loans, AFTER:

- FIRST position – completion bonds (approximately 2% cost) where possible;
- SECOND position – the cash flow and assets of the specific project; and
- THIRD position – the special stop loss assurance policies
- Personal Development Programs (PDPs) that rely on individual beneficiaries for future repayment from new wages will require life, disability, and health insurances on each individual, all designed to safeguard full payback and release of the collateral. PDPs will not typically qualify for the stop loss insurance policies, so where government guarantees are not available, the funding will have to be motivated by corporate self interests and altruism.

3. FUND

To activate bank financing on qualified and risk mitigated projects, individuals, public Master Limited Partnerships, corporations, trusts, charities, and foundations become Funders by going to contracted banks to buy Certificates of Deposit (CDs) and execute project specific collateral pledges.

Everyone with some extra money ($500 to buy a Master Limited Partnership interest) and motivated by survival instincts, patriotism, self-interests, or altruistic reasons can become Funders.

> ***Note:*** *As an additional incentive, CCFO GLOBAL, INC., a for Public Benefit Corporation, will actively lobby in the U.S. for making the interest on the CDs tax-free, and a proposed Fund The Future Now Tax Credit.*

Proposals for corporate funding will typically, but not necessarily, match up company strategic interests with enrolled programs.

For example:

- **Climate Survival, Renewable Energy, and Green construction** by corporations and the public at large.

- **Low-income housing** funded by lumber, housing materials and supplies companies.

- **Microfinance** funded by communications, pharmaceutical, and medical supply companies desiring emerging third world markets.

- **Vocational training** programs for Registered Nurse/Certified Medical Technician credit funded by the healthcare sector to build the workforce to lessen overtime, reduce overburdening the workforce, and improve patient care.

- **Expanded Veteran & First Responders + vocational training** funded by patriotic corporations expressing goodwill, to expand Veteran vocational training to include First Responders and the direct families and descendants of both groups.

In all of the above scenarios, the CDs remain interest-earning assets of the depositor. Non-cash assets acceptable to the banks as pledged collateral would greatly increase further availability of funds.

4. FINANCE

The bank confirms the specified risk mitigation measures to protect the collateral pledges and finances the project. The projects construct, implement, and educate for beneficiaries.

The banks are happy, they get a large CD, which allows them to fund a portfolio of loans at a multiple of the CD amounts. As a prerequisite to funding the loans, the risk mitigation factors identified in the Design stage have to be attached. Unless waived by the Funder, the government guarantees, completion bonds, and stop loss limit assurance policies have to be purchased in the funding escrow.

Projects that are fully insured receive a net funding of over 85 - 90% of the collateral pledges. This 15% cost of funds is a significant savings from the average fundraising costs for charities, which range between 20% and 30%, plus the enormous time and effort of constant, never ending fundraising activities.

5. PAY BACK

The beneficiaries of every project pay down the loans, either directly through purchases or payments, or the sale of a future revenue stream.

As set forth in the Design phase, beneficiaries or end users will purchase, rent, pay a usage fee, or pay toll fees to use new or retrofitted forms of sustainable energy, transportation, infrastructure, public utilities, and public works.

> ***Note:*** *Waiver of end user payments will be determined for qualifying low-income beneficiaries or end users.*

On public works, infrastructure, and renewable energy projects, a portion of the future revenue stream will be packaged for sale to fixed income investors, such as major insurance companies to pay off the construction loans.

The revenues sold will be net after deductions for ongoing management, maintenance, reserves, and where appropriate, designated operating profits. Sales proceeds will release the collateral pledges.

> ***Note:*** *Governments could declare revenue streams sold to pay off construction loans to be tax exempt income, which would enhance pricing and sale proceeds, thus improving the economics of projects.*

Personal Development Program beneficiaries will contract to invest in their own future by agreeing to pay 10%-20% of new wages to cover all costs of their education, training, insurances, and any interim income stipends.

> ***Note:*** *CCFO Global will lobby for tax reform to accelerate personal repayments, the amount of gross wages specifically used to pay back educational or vocational training loans should be tax exempt.*

Each and every beneficiary individually or collectively creates the cash flow to pay back the total cost of the project finance costs, including principal, interest, insurances, and all other costs of CCFO Funding Cycle.

Low-income families fund the payoff of construction loans by purchasing their new affordable homes with mortgages. The proceeds from escrow are used to pay off bank financing costs, and then profits to the builders.

Microfinanced beneficiaries pay it forward by paying off their loans to the microfinance organizations to reduce the bank loan balance. The microfinance company retains its operating costs and profits AFTER paying back the bank loans.

6. RELEASE

Payments from step 5 pay off the bank operating/construction/education loans, and the collateral pledges are therefore released without cost to Funders.

Once the bank loan is paid off, the Funders' collateral pledges are canceled, and the underlying assets are released. The Funders are free to use their money as they want.

Here is the most exciting part. ***Funders are free to use their funds as they wish.*** Perhaps they will increase their deposits for the next cycle!

REPEAT – EXPAND

The Role of Governments

#FundTheFutureNow will allow the United States to implement a Whole Society Economics stimulus bill, after the 2021 American Jobs Plan.

United States Federal Tax Legislation Proposal

The Goal – Deploy Net Worth into the Economy

NO NEW TAXES

NO NEW DEBT

NO GOVERNMENT SPENDING

The goal of tax legislation under Whole Society Economics is to provide for the full funding of life, liberty, and the pursuit of happiness, which now must include freedom from the fear of extinction.

CCFO Global will promote a stimulus bill to support and accelerate deployment of Net Wealth into the ecomony. #FundTheFutureNow, Stimulus Bill will be specifically designed to encourage fundings by rewarding the use of Net Worth to secure bank financings.

The goal is to achieve full funding for strategic initiatives without new taxes, without government spending, and without increasing the national debt. The following changes to the Federal tax code should be considered to accelerate using Net Wealth to #FundTheFutureNow.

- **Fund The Future Now Tax Credit (FTFN-TC):** A new wealth deployment tax credit. FTFN-TC would be set at two and one half percent (2.5%) per year for the duration of the capital pledged to banks to finance #FundTheFutureNow. The full credit would be usable for the tax year of the deposit and collateral pledge.

Thus, a three-year CD pledge (for example, to build and sell affordable housing) would deliver a 7.5% tax credit for the tax year the deposit and pledge were made. A six-year deposit and pledge (for example to build segments of a nationwide smart energy grid or a national high speed rail system) would provide a 15% tax credit in the year of deposit.

The FTFN-TC law should include carry forward provisions and the ability to sell and transfer the tax credit such that tax exempt organizations can sell their FTFN-TCs to raise additional funding. Master Limited Partnerships will prorate their FTFN-TCs and report them to their investors and/or members may elect to participate pro rata in the aggregate sale of their FTFN-TCs.

- **Interest Income Exemption:** Earned income on CDs while pledged as collateral should be declared exempt from income taxes.

- **Personal Income Wages Loan Payment Exemption:** Wages used to pay back principal and interest on #FTFN programs by beneficiaries should be tax exempt. (Ideally, this same exemption would be applied to all outstanding student loans.) The burden of paying taxes on phantom income, then have to repay debts slows down with diminished net after tax money extends the period of payback, and creates an undue, punitive debtor burden.

- Revenues on Stop Loss Assurance policies used to safeguard Funders' capital should be tax exempt. This would factor into and significantly reduce policy costs, thus accelerating payback and release of the collateral pledges.

- Tax free treatment for future revenue streams from #FTFN programs, when sold to repay construction loans, would improve the economics of major infrastructure, new and retrofit construction, and renewable energy installation. More monies would be available for maintenance, contractor margins, and reserves.

- Low-income exemption for end users from toll and usage fees on #FTFN public works and infrastructure.

In other words, EVERY ONE OF US, every entity, and every individual has the choice to actively participate in funding new actions to address our existential challenges and build an equitable future while retaining ownership and earning interest on our money.

Remember:

Whole Society Economics

Funding Reimagined:

Conscientious Credit Funding Organization's

#FundTheFutureNow

obviates

Governments having to directly pay for programs

Contact us to schedule a call.

Conscientious Credit Funding Organization

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