



Northwest Arctic Borough School District

Bank Account Investment Options

\$10MM was used as the balance number to estimate the earnings if NWABSD decided to change their General Fund Bank account from a regular commercial account to one of the following: There are two main options; 1 – Government Advantage Interest Checking (GAIC) and 2 – Money Market Fund Sweep.

Option 1: Government Advantage Interest Checking (GAIC)

- This option is FDIC insured up to your limits and then collateralized on the dollars above that amount. The fees will be covered first with this account at 1.65% and then the excess dollars over what is needed to cover fees will earn 2.50% interest. Below is the breakdown of what that would look like money-wise.

Target Balance	\$2,500,000.00
Sweep amount	\$7,500,000.00
Current Monthly Fees	\$3,207.10
Less: Earnings Credit Amount	\$3,390.41
Interest Earned Amount	\$15,410.96

Option 2: Money Market Fund Sweep

- This option is an investment and only the funds held in the account to cover fees would be FDIC insured/collateralized. The link below gives you the current rates for each of the different Money Market Funds. The sample below is based off the 100% Treasury MMF which is the most conservative.

[Money Market Fund Rate Report - Allspring Global Investments](#)

Target Balance	\$1,850,000.00
Sweep amount	\$8,150,000.00
Current Monthly Fees	\$1,956.77
Monthly Recoupment	\$235.88
Monthly Sweep Fee	\$250.00
Total Monthly Fees	<u>\$2,442.65</u>
Less: Earnings Credit Amount	\$2,508.90
Less: Interest Earned Amount	\$32,957.26
Total Fees Net Interest & Earnings Credit	<u>\$32,957.26</u>

The bottom line is the sweep will earn the District more interest, but it is an investment so is not FDIC insured or collateralized.

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Government Advantage Checking account

Key features, only available to government entities

- Support depository needs while enjoying the potential benefits of **earnings credit allowance**
- **Earn interest** on unused balances

At the end of the month, we

1

Calculate
average positive collected and investible balances

2

Off-set fees
using your earning credit allowance

3

Pay interest

If your average positive collected balance **exceeds** the balance to offset fees, we **pay interest** on your unused balance using a competitive interest rate¹

or

Charge fees

If your average positive collected balance **does not meet** the required balance to offset fees, you are charged for the remaining fees²

¹ The unused balance equals your average positive collected balance less the balance needed to offset fees.

² The remaining fees equal the total fees less the earnings credit allowance.