Holding the money

An addendum to the Collective Pooling Canvas

Here are the ways to hold the money, from least holding to most:

1. **No pot at all: each person pays on call.** Members keep their share in their own account, ideally a separate savings account, and send it straight to whoever the group decides, by Zelle or Venmo, marked as a personal payment. Bread funds do a version of this: members pay into their own accounts within the group, and each sends the sick member a gift. Nobody holds anyone else's money and there's nothing to open. The catch is that a pledge can be broken.

2. **Cash at meetings, in a lockbox.** This is the VSLA way: money only moves in front of the group, and the box has three padlocks with keys held by three different members. It's the most transparent option, but it only suits groups that meet in person and use cash.

3. **One member holds it, in a separate account.** This is the treasurer, or "banker" of a sou-sou or stokvel. It's simple, but it's the classic failure point. If you do it:
   - Use an account kept only for the pool.
   - Make sure at least two people can see the account.
   - Share a monthly statement with the group.
   - Cap how much it holds.

4. **A shared account in the group's name.** Banks and credit unions open accounts for clubs and informal groups, usually asking for an EIN (the IRS issues these free). Put two or three members on it. This is the natural home for a reserve or a loan fund.

5. **An existing organization holds it.** That could be a fiscal sponsor, a nonprofit (possibly Dear Crisis itself), or a formal program such as Mission Asset Fund's lending circles, which report payments to the credit bureaus. Whether MAF serves New York is still to be checked.
   - A sponsor usually takes a percentage.
   - A charity generally can't pay benefits to its own members, so this fits a pool that gives outward better than one with an emergency fund for members.

6. **Later: the group forms its own entity,** such as a co-op, an LLC or a nonprofit. That's for when a pod grows, not for the first one.

Rules that apply whichever you pick

- Keep the pool's money apart from anyone's personal money.
- At least two people can always see where it is.
- Cap how much is held.
- Any interest is taxed to whoever's tax ID is on the account.

The legal flags, all still to be researched

- Loans between members may count as lending.
- An emergency fund may look like unlicensed insurance, even when the payouts are gifts.
- Holding and paying out other people's money is what money-transmitter laws cover. Small, members-only, capped arrangements are likely low-risk in practice, but that's for a lawyer to confirm.

A WAY TO START

A good way to handle it could be to start with option 1 for the first few months. This makes it low stakes and establishes trust. Then the group can move to a method that's more logistically simple for members. Or start with any of the others, you all will know what's right!

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