

Promoting a culture of savings:

Increasing opportunities for Prize-linked Savings
(PLS) products in Minnesota

About the Citizens League

- **Multi-partisan, multi-issue** nonprofit for 60 years
- **Vision** is to create the common ground where “we the People” can achieve the common good.
- **Civic Policy Making:** Operating Principles guide our approach.

About the Citizens League

- Multi-phase **Pathways to Prosperity** project began in 2008.
- Recently held 10-12 workshops around Minnesota to test values and policy directions.
- Input guides Citizens League focus for advancing policy approaches.

*Instead of “reacting to poverty”,
we should be “supporting prosperity”*

Our approach

- Focus on eliminating key barriers to prosperity (**money, connections & control**).
 - Removing asset limits
 - Use conditional cash transfers (CCTs)
- Build **human capacity** and **civic infrastructure**.
 - Support asset building programs (FAIM)
 - Test new models for rewarding family decision-making and progress

Adopting an asset building framework

“Getting by” vs. “getting ahead”

↓
Income

↓
Assets

With a 5 year limit on most forms of public assistance, shouldn't we encourage savings for independence?

U.S. Personal Savings Rate



Savings Products

Savings accounts

- No minimum opening deposit
- Modest interest rates
- Easy withdrawals

Individual Development Accounts (IDAs)

- No minimum opening deposit
- 3:1 match for goal-oriented savings
- FAIM funding eliminated in 2011, very limited participation

Certificates of Deposits (CDs)

- Higher opening deposits required
- Higher interest rates paid
- Penalties for early withdrawal

Prize-linked Savings (Save to Win) accounts

- \$25 opening deposit
- Lower guaranteed interest rates, with additional chance to win monthly prizes by saving regularly
- Extra draw with a grand prize

Save to Win! (Michigan)

- Rewarding savings
 - Each \$25 deposit earns the accountholder a chance to win monthly prizes and a grand prize through a raffle (up to 10 entries per month).
 - Financial institutions offer a prizes from pooled marketing budgets and by paying lower guaranteed interest rates.
- No risk of loss
 - All deposits remain safe in the participant's account and accrue continue to accrue interest.

	2009 (8 Credit Unions)	2010 (36 Credit Unions)
Accounts	11.7k	16.2K
Total Saved	\$8.6MM	\$27.9MM
Average Balance	\$734	\$1,268

Save to Win! (Michigan)

Building assets by making savings fun

- At the end of 2009, average account balances were \$588 for reported non-savers (56% of all participants).

Inspiring long-term savings

- Of the 54% of continuing 2010 accountholders, 53% were non-savers, 51% asset poor, 53% LMI and 50% single parents with dependents.
- Monthly winners continued to save more regularly than non-winners.

Reaching financially vulnerable and non-savers

- Although 86% of participants were already Credit Union members, 65% of participants reported no history of a CD, and 46% had no other savings account.

Impacting financially vulnerable participants

Financially Vulnerable Group	Definition	% in STW 2009	December 2009 Account Balance	
			Average	Median
Non-Savers	Individuals who reported that they were not regular savers before opening their Save to Win account	56%	\$588	\$201
Asset Poor	Individuals with \$5000 or less in financial assets (excluding home equity)	39%	\$390	\$150
Low-to-Moderate Income	Individuals with household income less than \$40,000	44%	\$634	\$200
Single with Dependents	Single parents with one or more children	14%	\$383	\$126

2010-11 Legislative Successes

State	Amendment	Details
Rhode Island	S 2399 (2010)	Amended credit union and lottery laws to allow credit unions to offer savings promotion raffles.
Nebraska	LB 524 (2011)	Amended gambling law to allow credit unions to offer savings promotion raffles.
Washington	SB 5232 (2011)	Amended gambling and banking law to allow financial institutions to offer chance based products.
Maryland	S 886 (2010)	Amended commercial and lottery law to allow credit unions and depository institutions to offer savings promotions raffles.
Maine	SP 0645 (2010)	Amended gambling and banking law to allow credit unions to offer savings promotions raffles
North Carolina	SB 513 (2011)	Amended credit union laws to allow savings promotion raffles.
Michigan	NA	Did not require amendment as existing law allowed credit unions to offer savings promotion raffles

Bringing Prize-linked Savings to Minnesota

- PLS is **low cost** and **scalable**. It requires no public subsidies or taxpayer expense.
- MN requires **enabling legislation** for raffles. Federal law currently prohibits raffles at banks, but allows other prize-linked models.
- Voluntary implementation from eligible financial institutions.

PLS makes everyone a winner through greater and consistent savings!

Thank you! www.citizensleague.org

The screenshot shows the Citizens League website homepage. At the top left is the logo with the tagline "Common ground. Common good." and navigation links: Home, Contact Us, Events, and Join, Renew, Donate. Below this is a menu with "Who we are", "What we do", "Get involved", "Publications", and a search bar. A banner image features three smiling women with the text "The Citizens League builds civic imagination and capacity in Minnesota." The main content area is divided into two columns. The left column lists "UPCOMING EVENTS" with dates and workshop titles. The right column features two articles: "Sean Kershaw: Will Minnesotans write a better future?" and "Help the Citizens League examine a teacher licensure proposal".

Citizens League
Common ground. Common good.

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The Citizens League builds civic imagination and capacity in Minnesota.

UPCOMING EVENTS

Jul 28, 2011	Pathways to Prosperity Workshop--Grand Rapids
Aug 01, 2011	Pathways to Prosperity Workshop--Stillwater
Aug 02, 2011	Pathways to Prosperity Workshop--St. Cloud
Aug 08, 2011	Pathways to Prosperity Workshop--Alexandria
Aug 10, 2011	Pathways to Prosperity Workshop--Lakeville
Aug 11, 2011	Pathways to Prosperity Workshop -- Rochester
Aug 16, 2011	Pathways to Prosperity Workshop -- Minneapolis
Aug 23, 2011	Converting Social Good into Economic Impact

Sean Kershaw: Will Minnesotans write a better future?

Read [Sean's commentary](#) in last week's edition of the Star Tribune and tell us what you think. For more information on how the Citizens League addresses the budget crisis:

- ["Common Cents"](#) Budget Project
- Evaluating [Tax expenditures](#) and bringing them into the budget process.
- [Long-term care financing](#)

Help the Citizens League examine a teacher licensure proposal

We are currently seeking members for a new advancement group to examine a proposal for a tiered teacher licensure system. Rather than a single class of teacher license, the proposal would create three types: provisional, professional, and master licenses.

Our Policy Advisory Committee has some specific questions about the tiered licensure system and is asking the advancement group to:

- Clearly articulate the arguments for and against tiered teacher licensure.



Common ground. Common good.