Keeping Money In Consumers' Pockets!

Innovative Savings Programs and Practical Applications

Leigh Brady, State Employees' Credit Union

Joanna Smith-Ramani, Doorways to Dreams Fund

Lauren Whaley, NC Credit Union League

SECU - keeping money in members' pockets!

Leigh Brady – SVP, Education Services
State Employees' Credit Union

State Employees' Credit Union®

Salary Advance Loan Program

A payday lending alternative

Salary Advance Loan Program

- Maximum amount $500
- Maximum term 31 days
- Requires SECU Checking Account
- Requires direct deposit at SECU
- Breathing, not under bankruptcy
- Interest rate 12.00%

State Employees' Credit Union®

Salary Advance Loan Program

Results

- 100,000 SECU members participate
- 80% use the service on a recurring basis
- Monthly total lending $20-30 Million
- Rapidly Growing Service

State Employees' Credit Union®

Salary Advance Loan Program

Annual Percentage Rate	Finance Charge	Amount Financed	Total of Payment(s)	Number
12.00%	$5.00*	$500	$505.00	1

*Based on 30 day term

State Employees' Credit Union®

Benefit vs. Payday Lender

- **Payday Lender**
  - $15 per $100 borrowed or $75 fee on a $500 loan for 1 month.
- **SECU**
  - 1% of amount borrowed or $5 in interest on a $500 loan for 1 month.
- **80,000** SECU members use each month.
- Each member "saves" $70/ month (their $75 – our $5!).
- **Monthly savings**: $70 x 80,000 people = **$5.6 million**.
- **Yearly savings**: $5.6 million x 12 months = **$63 million!**

State Employees' Credit Union®

Biggest Difference

- Savings enhancement!
  - 5% of proceeds go into a savings account for the member --- Ex. $100 loan --- $5 to share account.
  - If withdrawn, no salary advance for 6 months.
  - Helping to break the cycle!
    - Over $22 million in savings accounts as of August, 2011.

State Employees' Credit Union®

Basic Transportation Loan

Helping members get to work

Basic Transportation Loan

- Utilizes liberal guidelines to qualify applicants who may otherwise have trouble with financing
- Same low rates as SECU's regular auto loans
- Maximum of $10,000
- Financing for up to 110% of NADA value

State Employees' Credit Union®

Savings

- $10,000 used auto loan at **10.75%** for 5 years
  - $216 per month
- $10,000 used auto loan at **4.75%** for 5 years
  - $188 per month

Savings of $1,680 over the life of the loan

State Employees' Credit Union®

Tax Preparation Services

SECU's VITA and Paid Tax Preparation Programs

Volunteer Income Tax Assistance

- VITA offers free tax assistance to people with low to moderate incomes
  - (2010 $49k and below)
- SECU's 238 branches are VITA sites for Credit Union members
- Focus is assuring eligible North Carolinians claim Earned Income Tax Credit

State Employees' Credit Union®

Paid Tax Preparation Service

- Started in 2010 for 2009 tax year.
- Designed for those with household incomes above the VITA threshold.
- Low $75 preparation fee – for preparation and e-filing of State and Federal returns.

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Savings

- Since 2008 ---
  - SECU has helped 122,920 taxpayers claim $171.3 million in tax refunds
- For 2010 season alone --
  - Almost 53,000 taxpayers assisted
  - $82 million in refunds claimed
  - **Savings of $7.9 million in tax prep fees!**

State Employees' Credit Union®

Focus on overdraft prevention

Overdraft mitigation services

Fee Free Days

- NSF Fee Free Days ---
- Overdraft Fee Free Days ---
- Savings thus far in 2011
  - **NSF Fee Free # waived = 365,825 ---$4.4 million!**
  - **Overdraft Fee Free # = 537,178 --- $270,000!**

State Employees' Credit Union®

Alerts – Another Chance

- Enhancements to notify members of checking account "red flags"
- Migrated to 5:30pm cutoff in 2010
- Added option of alerts –660,000 in Aug. 2011
- Another Chance --- morning notification of an item attempting to post with insufficient funds -- 114,000 in 2011 -- $1.36 mil in savings

State Employees' Credit Union®

Cash Points Global

- A controlled spending account/card
- Transactions limited to available funds
- No overdrafts
- No NSFs

State Employees' Credit Union®

Thank you!

D2D FUND
DOORWAYS TO DREAMS

Prize-Linked Savings

Pathways to Prosperity Conference

October 2011

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Doorways to Dreams (D2D) Fund

- Founded in 2000 by then Harvard Business School Professor & Sr. Associate Dean, Peter Tufano
- Non-Profit 501(c)3 headquartered in Roxbury, MA
- **Mission**: Strengthens the financial opportunity and security of low and moderate income consumers by innovating, incubating and stimulating new financial products and policies.

D2D FUND

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Can Saving be Fun?

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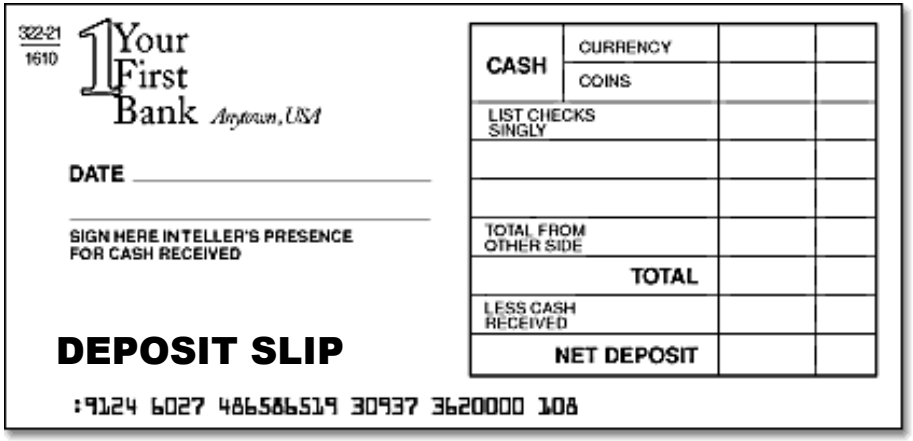
Quick Poll – What's More Exciting?



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Gaming & Saving?

38% of those with incomes below $25,000 think that winning the lottery represents the most practical way for them to accumulate several hundred thousand dollars.

- 2006 Consumer Federation of America study*

Lottery players may seek:

1) entertainment
2) financial planning / wealth building

Can we strengthen #2 without losing #1?

* http://www.commondreams.org/news2006/0109-05.htm

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How about “Prize-Linked Savings”?

- Concept:
  - Earn chance(s) to win by saving
- Why?
  - Make saving fun, exciting, interesting
  - Provide incentive to save
  - There are no losers – all deposits and interest are safe
- Consider:
  - $60 *billion* in US lottery sales (2008)*
  - Average of $515 per household
  - 80% of gambling revenue from HH w/ income <$50k**

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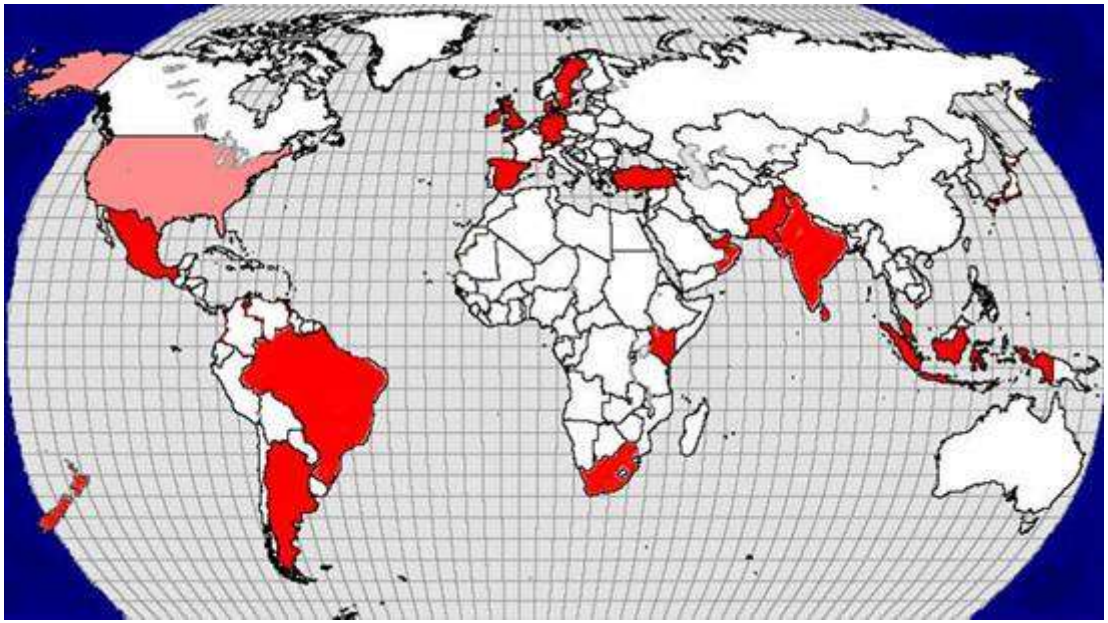
International Precedent

- Argentina
- Brazil
- Denmark
- Germany
- Great Britain
- Kenya
- India
- Indonesia
- Ireland
- Mexico



- New Zealand
- Oman
- Pakistan
- South Africa
- Spain
- Sri Lanka
- Sweden
- Turkey
- United Arab Emirates

Noteworthy:

- $47B in UK “Premium Bonds” outstanding, 23MM holders
- Swedish “Lottery Bonds” program est. 1918
- Prizes range: $1.7M tax free (UK), Mercedes (Oman), Motorcycle (Pakistan), DVDs (Mexico)

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Various PLS Applications

- Financial Institutions – CUs/Banks
- Non-Profits
- Financial Service Companies (pre-paid cards, etc)
- State lotteries
- Retirement Accounts

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PLS Momentum Around the US

- Clear “Savings Promotion Raffle” provisions:
  - Michigan
  - Maine (passed in 2010)
  - Rhode Island (passed in 2010)
  - Maryland (passed in 2010)
  - Nebraska (passed in 2011)
  - Washington (passed in 2011)
  - North Carolina (passed in 2011)
- Existing laws that may allow for credit unions to offer a PLS-type product:
  - Alaska
  - Arizona
  - Georgia
  - New Mexico
- Considering PLS/Savings Promotion Raffle Legislation
  - Minnesota
  - Oregon
  - Iowa

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Financial Institutions: SAVE TO WIN

- Test concept in the US
  - 8 credit unions in the state of Michigan
  - $100,000 grand prize
  - $3.3K / month in smaller prizes
  - $25 deposit in 1 year Share Cert. = 1 chance to win
  - Max = 10 chances / month (120 per year)

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Product: Share Certificate - STW

- 12-month share certificate
  - Opening deposit: $25
  - Unlimited deposits
  - One withdrawal allowed in 12-month period
    - $25 penalty
  - Interest rate set individually by each credit union (2009 ranges from 1-1.5%)
  - Accountholder requirements:
    - Member in good standing, with traditional share account
    - 18 years old or older
    - Resident of Michigan
  - Save to Win account must be open and active to win

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Savings Raffle - STW

- Every $25 deposit into Save To Win certificate is a chance to win
  - Maximum of 10 entries earned per month ($250)
  - Accountholder could deposit as many times and as much money as possible, but will only earn maximum of 10 entries per month or 120 entries for a year
- $100,000 guaranteed prize
  - First grand prize awarded February 2010
- Each credit union awarded monthly prizes to its Save to Win certificate holders
  - January, February, April, May, July, August, October, November
    - Two $100 prizes, Three $50 prizes, Two $25 prizes, One $15 prize
  - March, June, September, December
    - One $400 prize, One $15 prize
- Third-party vendor administers all prize drawings

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Save to Win Results (2009 – 2010)

Growth - Did the program continue to grow and engage new participants in the act of saving?

Growth in the Save to Win Program

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

BILLIE S., SOUTH LAKE MICHIGAN

- 54% of 2009 accountholders opened a 2010 account and more than 11K new accountholders joined.
- 30% of these new account holders came from the pilot credit unions, 70% came from 29 new credit unions.

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Save to Win Results (2009 – 2010)

Continued participation - Did the program motivate existing accountholders to continue in the program?

- 54% of active 2009 accounts opened 2010 STW accounts.
- In comparing this to rollover rates in more traditional one year CDs at some of the pilot credit unions, the Save to Win program had a significantly higher percentage of accounts roll over (81% versus 51% for their traditional 1 year CD)
- *Savings behavior is a predicator of continued participation in the program*
  - persistent savers saved 46% more in 2009 than non-persistent savers and maintained a more regular savings habit throughout the year,

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Save to Win Results (2009 – 2010)

LMI focus - Did the program continue to serve financially vulnerable consumers?

	% in 2009	% in 2011
Non-Savers	56%	45%
Asset Poor	39%	32%
Low-to-Moderate Income	44%	39%
Single with Dependents	14%	12%

- 53% of non-savers, 51% of the asset poor, 53% of LMI and 50% of single parents with dependents continued from 2009-2010
- Non-financially vulnerable participants were only five to eight percentage points more likely to stay in the program than the financially vulnerable participants.
- Financially vulnerable households who continued in 2010 were saving more regularly and able to save, on average, more in 2009 than financially vulnerable accountholders who did not continue.

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Save to Win Results (2009 – 2010)

Innovation - What innovations can help sustain and ensure the impact of the program as it scales?

1. **Email reminder messages show promise to help engage participants in more regular savings.**
2. **Sales Incentives are an Easy and Effective Way to Drive Take-up of Save to Win.**
3. **Consumers have a preference for prize structures with more winners.**
4. **Effective Engagement with Community Partners can help attract new credit union members and enhance take-up of STW accounts.**
   - *Developing a strong partnership between community-based organizations and credit unions is crucial to effective community outreach*
   - *Empowering credit union or partner organization employees to open accounts outside credit unions enhances take-up.*

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Non-Profits: SaveNow WinLater™

- Tax-time PLS test
  - Sponsored by Impact Alabama
  - 16 tax sites throughout the state
  - 4,300 families received free tax preparation
  - Savings Bond purchase promotion
  - $20,000 grand prize awarded

IMPACT ALABAMA
A Student Service Initiative

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The Mechanics

SaveNow WinLater™

- For every $50 invested in savings bond, saver has one chance to win $20,000 grand prize and two $1,000 prizes
- Eligibility:
  - Families earning under $50,000
  - Individuals earning under $25,000

- Bonds could be purchased through the tax form, through financial institutions, or through Treasury directly
- Limited to $5,000 of Savings Bond purchases or 100 entries
- Documentation of Savings Bond required
- Winner has to take short financial literacy test to be eligible for grand prize (unique issue as a result of Alabama laws)

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SaveNow Win Later Results

- 552 participants
- 1,030 bonds purchased
- $51,500 in savings
- Roughly 15% of VITA Clients chose to save in savings bonds

86%
Of survey respondents said they had never saved at tax time before

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Doorways to Dreams Fund Contact

For more information, please contact:

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NORTH CAROLINA CREDIT UNION LEAGUE

Committed to helping credit unions succeed!

The Path to Implementing Save to Win in NC

Pathways to Prosperity Conference
October 2011

Prize-Linked Savings Model

- Save to Win, first implemented in Michigan rewards savers with chances to win cash prizes & makes saving exciting!
- Directly supports credit union mission of promoting thrift
- Low minimum deposit of $25 and balance building feature

Amazing Results!

- Nearly 11,000 credit union members saved a combined $9 million in the very first campaign
  - 56% did not have a regular savings habit prior to the campaign
  - 64% reported never having a certificate of deposit
  - 44% had household income less than $40,000
  - 16% had household income less than $20,000
- Now it its third year, Michigan credit unions have opened more than 20,000 accounts with $40 million saved

The Need Exists!

- New data from the U.S. Census Bureau shows that NC's poverty rate bumped up to 17.5
- NC shows the largest increase in asset poverty, with one in five middle income families considered asset poor.

Credit Unions to Promote Savings for North Carolinians

- Legislation to define “Savings Promotion Raffles” under NC’s Charitable Raffle Laws
- Simple message – With Save to Win, credit unions can foster new savers and new savings habits for North Carolinians

SAVE TO WIN

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NC credit unions plan savings contest

Date: Wednesday, June 29, 2011, 2:24pm EDT

Related: Banking & Financial Services

A change to state laws governing raffles wil
allow credit unions to launch a new savings
contest across North Carolina, according to
the

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Friday,

North Carolina CUs Plan $100,000 Savings Sweeps

Credit Union Journal Daily Briefing | Thursday, June 30, 2011

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RALEIGH, N.C. – Credit unions, fresh off new legislation enabling savings contests, are working to develop a statewide savings sweepstakes that could award savers a $100,000 grand prize.

The Save to Win contest is being modeled after a similar sweepstakes operated by Michigan credit unions and could be launched as soon as the beginning of next year, according to Lauren Whaley, the lobbyist for the North Carolina CU League who helped get last month's legislation approved. "They had great success with it and we're hoping to duplicate it," she said of the Michigan sweepstakes.

he North Carolina league has received commitments from as many as a dozen credit unions nd another dozen have indicated some interest in participating too, said Whaley.

his is definitely a long-term savings initiative that I think credit unions can really get behind," d Whaley.

NORTH CAROLINA ASSETS ALLIANCE

N.C. ASSETS ADVOCATE

An Update from the N.C. Assets Alliance

November

Greetings, Assets Advocate,

Welcome to our final update for 2010.

In this issue, we look ahead to tax time and focus on the opportunities for families. Families whose earning may qualify them for free tax preparation through volunteer income tax assistance sites, may also take advantage of information about saving part of their lump sum refunds, and could also determine potential eligibility for public benefits, all in one stop.

Also in this issue, we review the recently passed federal tax bill, the Research Committee provides insights into unemployment in North Carolina, and we recap the Community Economic Security Forums held in Williamston and Kannapolis.

SAVE THE DATE for our next quarterly meeting on January 13, 2011 from 10:00AM - 1:00PM. The meeting will be held at the North Carolina Indian Economic Development Initiative, 5605 Farrington Place Raleigh, NC 27609

Lauren Whaley, Director of Legislative and Regulatory Affairs for the North Carolina Credit Union League, will discuss:

Save to Win $100,000

Credit union members in North Carolina may soon be offered a simple but compelling

latest stock information, news and quotes, www.newsobserver.com, key word: stocks

Savings program winning backers

Credit league bill ups prizes

By David Ranii
Staff Writer

The trade association for the state's credit unions wants to put some pizzazz into savings accounts.

The N.C. Credit Union League is hoping to launch a new promotion in which credit union members would be eligible to win monthly prizes, as well as a substantial grand prize, for investing in special certificates of deposit.

But the first item on the to-do list is winning passage of a new state law to permit such a promotion.

The Credit Union League hopes to start the "Save to Win" program, modeled after a program in Michigan that featured a $100,000 grand prize, next year. In its first year, the promotion in Michigan enticed 11,000 credit union members to save $9 mil-

SAVE TO WIN

Gaining Support from Lawmakers

Representative Susan Fisher (D-Buncombe) Primary Bill Sponsor

Representative Efton Sager (R-Wayne)
Primary Bill Sponsor

Senator Jim Davis (R-Macon)
Bill Co-Sponsor

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Premier Federal Credit Union shared a link.
Perdue Bill Signing Ceremony
www.youtube.com
Governor Beverly Perdue signed the bill that will allow NC credit unions to roll out the Save to Win program. Perdue remarks on the value of saving money -- ...
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SAVE TO WIN

Implementation & Collaboration in 2012

SAVE TO WIN

More than 350,000 credit union members!

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WINSTON-SALEM City Employees' Federal Credit Union

MOUNTAIN CREDIT UNION
Your Community Credit Union

GREENSBORO MUNICIPAL Federal Credit Union

AMERICAN PARTNERS FEDERAL CREDIT UNION

Thank you!

Lauren Whaley
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Q & A

Leigh Brady, State Employees' Credit Union

Joanna Smith-Ramani, Doorways to Dreams Fund

Lauren Whaley, NC Credit Union League