

WINcentive® Savings Account Product Profile

Prize-Linked Savings Account Program – WINcentive Savings

Product Description

The Minnesota Credit Union Network (MnCUN) offers a Prize-Linked Savings (PLS) Program, WINcentive Savings (WSA), that facilitates statewide and credit union specific prize pools which members of participating credit unions may qualify for entry. MnCUN aggregates entries, verifies qualification of each of the member entries, and facilitates periodic prize drawings to award cash prizes to the winning member(s) for quarterly, monthly, and annual prize drawings.

Value Proposition

Prize-Linked Savings is a concept that mixes savings balances earning interest with the chance to win prizes providing additional incentives to save.

Target Market

PLS is designed to appeal to low to moderate income individuals, as well as non-savers, but all members are eligible to participate. Participating credit unions must be headquartered in Minnesota and eligible members must be Minnesota or Wisconsin residents.

Benefits

- Mission – Supports credit union mission to serve financially vulnerable members who have the hardest time saving
- New Members – An estimated 10% of all PLS participants are new members, plus added benefit of increased deposits
- Cross-Selling Opportunities – An estimated two-third of PLS participants say they are more likely to use other credit union products
- Increased Member Satisfaction

Product Features (standard)

Traditional Savings Account (restricted, with CD qualities like a holiday club account)

- Opening deposit minimum of \$5 required o Unlimited deposits allowed
- Interest Rates – TBD by each credit union
- WSA qualifying entry amount =
 - \$25 month-over-month balance increase
 - Max number of total entries (per month) in statewide drawing = 4 (\$100)
 - Max number of total entries (per month) in credit union member-only drawing = 4 (\$100)
 - Max number of total entries (per quarter) in statewide drawing = 12 (\$300)



- Max number of total entries (per quarter) in credit union member-only drawing = 12 (\$300)
- Max number of total entries (per year) in statewide drawing = 48 (\$1200)
- Max number of total entries (per year) in credit union member-only drawing = 48 (\$1200)
- Limited to 1 consumer account per person (or joint membership account, with primary account holder receiving entry) per participating credit union.
- An account holder is only eligible to win once per statewide drawing pool; for example, an account holder, regardless of the number of entries, may only win 1 monthly statewide drawing per month, and 1 quarterly statewide drawing per quarter.
- Account holder requirements
 - At least one account holder must be 18 years of age or older, OR an individual minor may hold an account with parental agreement to participate.
 - Must be a Minnesota or Wisconsin resident.
 - Must be a member in good standing.
 - Account must be open and active to win during drawing period. All earned drawings at the time of account closure are forfeited.
 - Credit Union Board members are eligible to participate.
 - Credit Union Employees and their family members may participate.
 - Business and trust accounts, or other non-consumer accounts are not eligible.
- Withdrawal Limits to Maximum of two per 12-month period.
 - A third withdrawal per 12-month period requires account closure without penalty.
 - If an account is closed the consumer is ineligible to open another WSA account at the same credit union for a period of 90 days and all entries earned to that point are also forfeited upon closure.
 - An account may be closed at any time, without penalty, however all earned entries are subsequently forfeited.
- Early withdrawal fees
 - First withdrawal = \$10
 - Second withdrawal = \$25
 - Third withdrawal = account closure is required (no penalty), all entries forfeited
- After 12 months of savings
 - Allow rollover to traditional CD savings product at the same credit union at the end of the 12 months anniversary savings date, without penalty.
 - After a consumer has reached their 12-month anniversary date from account opening, the consumer is permitted to make one penalty-free withdrawal from the account during the anniversary month. For example, if someone opens an account May 24, 2018, they have all of May 2019 to exercise their onetime penalty-free withdrawal.

- After twelve (12) consecutive months of savings, an account holder may continue participation in PLS for a subsequent twelve (12) month savings period
 - Balance that remains at the end of the anniversary month will be treated as a new deposit for eligibility into applicable prize pools for the subsequent twelve (12) month savings period.
- During the anniversary month of account opening (month 13), an account holder may do any of the following without penalty:
 - Keep balance in prize-linked savings account
 - Transfer funds into- another savings product offered by the credit union
 - Withdraw all but \$25 (minimum balance)
 - Close account

Prizes and Prize Pool

The following prizes and prize pool will be for the Minnesota statewide drawings.

- An estimated \$100,000 in prizes will be distributed during the entirety of 2019, subject to anticipated participation by credit unions. As the prize pool increases, the number of drawings will also increase.
- Drawings will occur on or about the 10th of each month, or the next business day, for the previous month, quarter and year end as applicable.
- The number of prizes, prize denominations and prize pool are dependent upon the total participation by credit unions and are subject to change in the sole discretion of MnCUN.

Minnesota State Drawings (approximate and anticipated):

- 50 monthly drawings of \$100 each
- 1 quarterly, credit union specific-drawing, of \$100 each for every participating credit union*
- 5 drawings per calendar quarter of \$1,000 each
- 2 Special Holiday drawings to be held in December 2019 of \$1,000
- 2 annual Grand Prize drawings of \$5,000

**Participating credit union must fulfill marketing requirements of updating required documentation and materials, including WINcentive on credit union website, and promoting quarterly winnings.*

Credit Union specific Drawings:

Individual credit unions will also be permitted to create credit union specific member drawings as well.

Requirements include:

- Credit unions will have the option to hold monthly, quarterly, and a Grand Prize (annual) drawing.

- Credit unions may also elect to have one “special” drawing, which must be approved and scheduled at least 45 days in advance, that coincides with the existing prize drawing schedule. Additional details are provided in a special prize election form.
- Credit unions may choose the number of winners allocated for each drawing, however drawings must be of the same denomination or value chosen by the credit union. For example, if a credit union chooses to have 3 monthly winners, all 3 must receive the same prize denomination or value.
- An account holder is only eligible to win once per member-only drawing pool.
- The annual and/or Grand Prize cash drawing will select one winner.
- Currently, our system does not allow for exclusion of Credit Union Employees/family/spouses in the credit-union specific drawing.

Contribution & Administrative fee

A credit union’s prize pool contribution will be based on asset size as reflected in the most recent Call Report and will be adjusted annually. Credit unions will be invoiced following execution of the contract to participate in the program, and 2019 prize pool year will have its contribution pro-rated.

A flat \$500 annual administrative fee will be assessed in addition to the contribution.

The following is the contribution scheme for 2019:

< \$30 million:	\$500
\$30- \$59 million:	\$1,000
\$60- \$99 million:	\$2,500
\$100 – \$249 million:	\$4,000
\$250 – \$499 million:	\$6,500
\$500- \$749 million:	\$7,500
\$750 – \$999 million:	\$8,500
\$1-1.49 billion:	\$10,000
\$ 1.5 – 1.99 billion:	\$15,000
>\$2 billion:	\$20,000

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