

# Helping Iowans Build Financial Security

Savings is bedrock of financial stability. Short-term savings allow families to weather financial emergencies – an unexpected car repair or medical bill – and long-term savings open the door to the pursuit of higher education, home ownership, and retirement security. However, Americans continuously struggle to save.

**In 2017, a Federal Reserve study found that nearly half of American households did not have enough savings to cover a \$400 emergency expense.**

Prize-linked savings, which rewards the act of saving through raffle-style prizes, has proven to engage individuals in increased savings behavior across the country.

## Prize-Linked Savings 101

Prize-linked savings (PLS) is a tested, successful concept in which savers earn chances to win a cash prize by saving at insured financial institutions. Deposits act as entries into prize drawings which reward people for saving. **There is no risk for participants** – if you don't win the drawing, you keep all the money you deposit plus any interest earned on your savings.

**By making savings fun, PLS programs have:**

- **Incentivized first-time savers**
- **Generated long-term savings for families**
- **Attracted new members/customers to financial institutions**

## Savings Results

**Prize-linked savings products work.** Since 2009, credit unions in the U.S. offering prize-linked savings accounts have **helped over 110,000 members save \$220 million dollars.** The average participant saves \$2,000 using a PLS program. PLS has grown in the United States: 33 states now allow PLS programs. Even Congress agrees - in 2014, they unanimously passed legislation removing federal barriers for PLS programs.

**33 states allow prize-linked savings:**



**Passed:** Alabama, Arizona,\* Arkansas, California, Connecticut, Delaware, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana,\* Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, New Jersey, New York, North Carolina,\* Ohio,\* Oregon, Rhode Island,\* South Carolina, Texas, Utah, Virginia, Washington, Wisconsin

**Introduced:** Tennessee, Pennsylvania, Vermont

\*Denotes credit unions only