



## SAVER'S SWEEPSTAKES™ FREQUENTLY ASKED QUESTIONS FOR CONSUMERS

### What is Saver's Sweepstakes?

Saver's Sweepstakes is The Wisconsin Credit Union League's statewide prize-linked savings program. Saver's Sweepstakes share savings accounts are designed to help individual credit union members save while giving them chances to win statewide cash prize drawings.

### How do Saver's Sweepstakes accounts work?

Think of Saver's Sweepstakes accounts as being structured similarly to holiday "club" accounts: Members can make deposits, and the money in the account is theirs, but their withdrawals are limited during a 12-month "savings period," which begins when the member opens the accounts, and it ends 12 months later. Making deposits earns the primary account holder entries into drawings for cash prizes.

### How often are Saver's Sweepstakes prizes awarded?

Statewide prize drawings are conducted monthly, quarterly, and annually. Some participating credit unions also choose to offer special members-only drawings. If they do, it's up to them to decide how often those drawings will be held and the amounts of the prizes they will pay.

### How big are the Saver's Sweepstakes prizes?

The number of prizes, prize denominations and prize pools depend on the total participation by credit unions, and are subject to change at The Wisconsin Credit Union League's discretion. As the prize pool increases, the number and/or amounts will also increase. The League estimates (as of 2018) that the following statewide drawings will be done annually:

Prize Drawings	Number of winners	Prize Amounts	Total Winners	Total Prizes
Monthly	50	\$100	600	\$60,000
Quarterly	4	\$1,000	16	\$16,000
Annual (ICU Day)	1	\$5,000	1	\$5,000
Total				\$81,000

### Where does the prize money come from?

All of the participating credit unions contribute to the statewide prize pool, based on each credit union's size.

### When are winner's names drawn?

Saver's Sweepstakes prize drawings are done on or about the 15<sup>th</sup> of each month, or the next business day, for the previous month, and/or quarter end and/or year end.

### How do account holders earn entries for drawings?

By making deposits. Account holders can deposit as much as they like to their Saver's Sweepstakes accounts, whenever they like, in whatever amounts they like. For every \$25 increase in month-over-month account balance, the primary account holder earns one entry in the statewide Saver's Sweepstakes prize pool (and in the credit's union's "members-only" prize pool, if it offers one).

### Is there a cap on how many entries members can earn for each drawing?

To keep things fair, the number of entries a primary account holder can earn is capped, regardless how much the account balance increases:

Drawing Type	Statewide	Credit Union
Monthly	6 entries max (\$150 total deposit)	6 entries max (\$150 total deposit)
Quarterly	18 entries max (\$450 total deposit)	18 entries max (\$425 total deposit)
Annual	72 entries max (\$1800 total deposit)	72 entries max (\$1,800 total deposit)

### How do withdrawals affect drawing entries?

When any withdrawal is made, the primary account holder forfeits Saver's Sweepstakes prize drawing entries for that prize pool to the extent that the account balance decreases month-over-month. For example, if a member deposits \$25 in a month, but then withdraws \$5, the balance won't increase enough to earn a drawing entry.

### What are the odds of winning?

The odds of winning depend on the number of eligible entries. Each entry has an equal chance of winning.

### How often can someone win?

Once per drawing. For example, even though each statewide monthly drawing has multiple winners, one person cannot win two prizes in a single monthly statewide drawing.

### How are winners selected?

A company called TruLync, which is a subsidiary of the Minnesota Credit Union Network, picks Saver's Sweepstakes winners randomly, using special software.

### How are winners notified?

Each credit union notifies its winning members, via telephone, email, or standard USPS mail.

### How are prizes disbursed?

Winning primary account holders may accept prizes from the credit union in the three ways: cash, credit union check, or deposit into his/her membership share account. (If a winner opts for deposit to their membership share account, they should understand that any joint account holders on the membership share account could access the money, too.) Prize money is not directly deposited into a winner's Saver's Sweepstakes account. Winners are encouraged to consider saving part (or all) of any prize by making a subsequent deposit into their Saver's Sweepstakes account, but it's their choice. (Winners are free to endorse a prize check and deposit into a Saver's Sweepstakes account themselves.).

### Can winner's name or photos be publicized?

Yes. By signing up for a Saver's Sweepstakes account, each account holder agrees that the credit union and The Wisconsin Credit Union League can use his/her first name, last initial (not full last name), photo (or other likeness, like a video recording), and prize(s) he/she wins, plus any testimonial quotes the person offers, in any media. If the account holder is a minor, a parent or legal guardian must sign a consent agreement, which includes those publicity provisions.

### **What happens at the end of an account's 12-month savings period?**

Each Saver's Sweepstakes account automatically renews at the end of its 12-month savings period. During the anniversary month of account opening (month 13), an account holder may do any of the following, penalty-free:

- Roll over some or all of the funds into a share certificate or other savings product offered by the credit union;
- Make one withdrawal of some or all of the saved funds (subject to the credit union's minimum balance requirements, if any);
- Close the account; or
- Do nothing and keep the Saver's Sweepstakes account open for another 12-month savings period.

### **What interest/dividend rate is paid on Saver's Sweepstakes accounts?**

Members earn interest/dividends on Saver's Sweepstakes accounts, just as they would with any credit union account. Each participating credit union can set its own rate on Saver's Sweepstakes account; however, under Wisconsin law, the interest/dividend rate associated with a Saver's Sweepstakes account may not be reduced, as compared to comparable accounts offered by Credit Union that are not Saver's Sweepstakes accounts, to account for the possibility of winning a prize.

### **Can the credit union charge fees on Saver's Sweepstakes accounts?**

Yes. A credit union can charge the same sorts of fees on Saver's Sweepstakes account that it might on any other savings accounts. Those fees are disclosed to members at account opening.

### **What are the early withdrawal limits and penalties?**

A fee of \$10 is charged for each of the first two withdrawals in any 12-month period. (No withdrawal fee is charged in the first 7 days after a Saver's Sweepstakes account is opened, though.) If a third withdrawal is made in any 12-month period, the credit union must close the account. If an account is closed (because of withdrawals or for any other reason), the primary account holder is ineligible to open another Saver's Sweepstakes account at that credit union for 90 days.

### **Who is eligible to open Saver's Sweepstakes accounts?**

- The primary account holder must be a credit union member with a membership share account.
- A minor may be a joint account holder if the primary account holder is eighteen (18) years old or older; or a minor may be the sole or primary account holder with a parent or legal guardian's written permission; or a Saver's Sweepstakes account for a minor may be held as a custodial account. (Participating credit unions can establish their own policies on whether, and under what conditions, they will allow minors to hold accounts.)
- The primary account holder must be a resident or Wisconsin, Minnesota or Illinois at the time of account opening, and continue to be a resident of those states. If he/she moves out of those states, becoming ineligible to participate in Saver's Sweepstakes, the credit union must close the account.
- Only an individual can hold a Saver's Sweepstakes account.

**Can a business or a group of any kind hold a Saver's Sweepstakes account?**

No. Businesses, estates, trusts, organizations, any other public or private entities, unincorporated associations, and/or others holding the account primarily for non-consumer purposes, are not eligible to participate in Saver's Sweepstakes, either as primary account holders or as joint account holders.

**Does the Saver's Sweepstakes account have to be a savings account?**

Yes. Since withdrawals are strictly limited, it would make little sense for a checking or similar transaction account to serve as the Saver's Sweepstakes account.

**Can someone own multiple Saver's Sweepstakes accounts at one credit union?**

No. An individual can only be the primary account holder – the person who is entered into the prize drawings – on one Saver's Sweepstakes account per participating credit union.

**Can someone own multiple Saver's Sweepstakes accounts at different credit unions?**

Yes, the primary account holder of a Saver's Sweepstakes account at one credit union can also be the primary owner of other Saver's Sweepstakes accounts at other credit unions ... but it won't increase that person's odds of winning a statewide prize pool.

**Can a Saver's Sweepstakes account have joint owners?**

Yes. Like nearly any credit union account, Saver's Sweepstakes savings accounts can have joint account holders. (They must be individuals – not a business or other organization.)

**Can joint account holders make deposits or withdrawals on Saver's Sweepstakes accounts?**

Yes. Like any other joint account, Saver's Sweepstakes savings accounts are just as accessible to joint account holders as they are to primary account holders.

**Who wins the prize if the Saver's Sweepstakes account is jointly owned?**

Only the primary account holder is entered into prize drawings and is eligible to win a prize – regardless which account holder(s) made the deposits that earned entries into Saver's Sweepstakes drawings.

**Can minors participate in Saver's Sweepstakes?**

Yes. There are three options:

1. A minor may be a joint account holder if the primary account holder is eighteen (18) years old or older; or
2. A minor may be the sole or primary account holder but only with a parent or legal guardian's written permission to participate; or
3. A Saver's Sweepstakes account for a minor may be held as a custodial account, subject to the Uniform Transfers to Minors Act.

Each credit union determines whether and how it will let minors participate.

If a minor wins a Saver's Sweepstakes prize, the prize money is distributed to the minor – by cash or credit union check payable to the minor or by direct deposit into the minor's membership share account. The minor's prize money is not to be paid over to the minor's parents or guardians; they do not automatically have a right to the minor's winnings.

**Can a POA agent, guardian, or conservator open a Saver's Sweepstakes account for a member?**

Yes, if the Power of Attorney documentation or the court-issued Letters of Guardianship/Conservatorship allow for it. (They can vary widely in what they allow or prohibit.) The POA agent, the guardian or the conservator is not the "account holder," though; they simply act for the person who actually owns the account. The account

holder (and potential prize winner) is the POA “principal” who appointed the agent or the “ward” who is under the court-ordered guardianship or conservatorship.

#### **Can representative payees open Saver’s Sweepstakes accounts?**

No. A representative payee is authorized by a government agency (like the Social Security Administration) to manage certain federal benefits for another person. The representative payee has no general authority to act for that person on other matters (like a guardian or a POA agent might do). Therefore, the representative payee could not agree on the beneficiary’s behalf to all of the terms in the Saver’s Sweepstakes Account Agreement

#### **Can Saver’s Sweepstakes accounts have Payable on Death (POD) beneficiaries?**

Yes, Saver’s Sweepstakes accounts can have POD beneficiaries, who are automatically legally entitled to the account’s funds upon the death of the owner (or all of the owners, if it’s a joint account). This happens outside the probate process, so POD funds cannot be claimed by the personal representative of the decedent’s estate.

#### **Does the credit union have to report prizes and interest/dividends to the IRS or state tax authorities?**

Yes. Saver’s Sweepstakes prizes, and interest/dividends earned on Saver’s Sweepstakes accounts, are tax reportable. Credit union should have systems in place to track these amounts and report them as income by issuing any 1099 or other tax reporting documentation or information returns that are required by the IRS or state tax authorities

#### **Does state law allow Saver’s Sweepstakes?**

Yes. Wisconsin, Minnesota and Illinois have joined a growing list of states that have adopted laws for prize-linked savings programs. *Section 186.114 of the Wisconsin Statutes* says that a “savings promotion prize program” offered by a credit union will not violate Wisconsin’s statutes on raffles, lotteries and betting. *Minnesota Statutes §609.761 (subd. 6)* allows credit unions to offer “savings promotion raffles” that are exempt from Minnesota gambling laws. In Illinois, *205 ILCS 305/42.7* allows credit unions to offer “savings promotion raffles” that are exempt from Illinois gambling laws.

#### **Does federal law allow Saver’s Sweepstakes?**

Yes. The 2014 American Savings Promotion Act removed federal barriers that had prohibited credit unions (as well as banks and thrifts) from offering prize-linked savings programs.

#### **Are Saver’s Sweepstakes accounts federally insured?**

Yes.

