



Lucky Lagniappe Savings

Product Profile

Prize-Linked Savings Account Program – Lucky Lagniappe Savings

Product Description

The Louisiana Credit Union League (LCUL) offers a Prize-Linked Savings (PLS) Program that facilitates a state-wide prize pool that participating Louisiana credit unions' members may qualify for entry through savings. Through a vendor partnership with the Minnesota Credit Union Network (MnCUN), MnCUN will aggregate the entries from the credit unions, verify base qualification data for each of the member entries, and facilitate periodic prize drawings to award cash prizes to the winning member(s). LCUL will maintain control of the state-wide prize pool, and administer transfer of prize winnings from the prize pool to the appropriate credit union.

Value Proposition

Prize-Linked Savings is a concept that mixes savings balances earning interest with the chance to win additional cash 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 a member of the League and headquartered in Louisiana.

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

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Roll-out

Credit Unions will be able to start accepting member deposits on or after January 1, 2020 for the 2020 state-wide prize pool year.

Product Features (standard)

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

- Opening deposit minimum of \$5 required
 - Unlimited deposits allowed
- Interest Rates – TBD by each credit union
- Qualifying entry amount = \$20 month-over-month balance increase
- Max number of total entries in state-wide drawing:
 - Max number of total entries (per month) in state-wide drawing = 5 (\$100)
 - Max number of total entries (per month) in credit union member-only drawing = 5 (\$100)
 - Max number of total entries (per quarter) in state-wide drawing = 15 (\$300)
 - Max number of total entries (per quarter) credit union member-only drawing = 15 (\$300)
 - Max number of total entries (per year) in state-wide drawing = 60 (\$1200)
 - Max number of total entries (per year) in credit union member-only drawing = 60 (\$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 state-wide drawing pool; for example, an account holder, regardless of the number of entries, may only win one monthly state-wide drawing per month, and one quarterly state-wide 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 w/parental agreement to participate.
 - Must be a member in good standing to be determined by individual credit union.
 - Account must be open and active to win at the time the drawing is conducted. All earned entries at the time of account closure are forfeited.
 - Credit Union Employees/Board members/family/spouses may participate.
 - Business and trust accounts, or other non-consumer accounts, are not eligible.

- Withdrawal Limits
 - Maximum of two withdrawals per twelve-month period.
 - A third withdrawal per twelve-month period requires account closure, without penalty.
 - An account may be closed at any time, without penalty, however all earned entries are subsequently forfeited.
 - If an account is closed, the consumer is ineligible to open another Lucky Lagniappe account at the same credit union for a period of 90 days and all entries earned up until 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
 - Note: all fee income is the property of the individual credit union



- After 12 months of savings – rollover (account) or maturity (CD)
 - Allow rollover to traditional CD savings product at the same credit union at the end of the 12- month 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 January 13, 2020, they have all of January 2021 to exercise their one time, penalty-free withdrawal.
 - After 12 consecutive months of savings, the account will automatically roll-over to a new savings period. As a reward for saving, the balance will also re-set to zero at the beginning of the new program savings period. The consumer will earn entries in the first month of the new savings cycle based on the current new balance.
 - For example, if someone has a \$100 balance in their PLS account at the end of their 12-month anniversary and they choose to continue to save funds in their PLS account, they will have already earned their 4 qualifying entries for the upcoming month’s drawing.

Prizes and Prize Pool

The following prizes and prize pool will be for the Louisiana state-wide drawings. We estimate that approximately \$22,000 in prizes will be distributed during the entirety of 2020, 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 15th of each month, or the next business day, for the previous month, and/or quarter end, and/or year end. 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 LCUL.

Louisiana State Drawings (approximate and anticipated):

- 10 monthly drawings of \$100 each
- 1 drawings per calendar quarter of \$1,000 each
- 1 special drawing in honor of Ed Price of \$1,000
- 1 annual Grand Prize drawing of \$5,000



Credit Union specific Drawings:

Individual credit unions will also be permitted to create credit union specific member drawings as well. The only requirements are:

- Credit unions will have the option to hold monthly, quarterly, and/or a Grand Prize (annual) drawing.
- Credit unions may also elect to have one “special” drawing that is required to 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 for Credit Union Employees/family/spouses/board members in the credit-union specific drawing.

Contribution & Program fee

The Program fee encompasses all administrative, operational, and technological cost. This fee is \$850 annual in addition to the credit union’s contribution to the prize pool. 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. Please see the contribution schedule below. Credit Unions will be invoiced following execution of the contract to participate in the program, and payment will be due prior to credit unions offering of accounts.



Annual Contribution to Prize Pool	
Assets	Prize Contribution
<\$10M	\$500
\$10 - \$29M	\$750
\$30 - \$59M	\$1,000
\$60 - \$99M	\$2,500
\$100 - \$199M	\$3,500
\$200 - \$350M	\$5,000
\$351 - \$499M	\$6,500
\$500 - \$749M	\$7,500
\$750 - \$999M	\$8,500
>\$1B	\$9,500

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