

# Comment Report

HSB 57

A bill for an act authorizing savings promotion drawings under specified conditions, and making penalties applicable.(See HF 359.)

Subcommittee Members: Lundgren-CH, Boden, Cohoon

Date: 01/25/2021

Time: 04:30 PM

Location: House Lounge 1

**Name:** Tammy Wood

**Comment:** We appreciate your discussion of bill HSB 57. As a teller supervisor of our Live Teller Dept., we help members from all over the state. So often, we are met with members who are struggling, often times because one thing has happened that has thrown their entire financial progress off of its axis. Ex. a battery going out on a car, someone missing a few days of work due to illness or injury. Even expected expenses can cause financial turmoil, such as school starting, simply because they did not save throughout the year. What excites me most about the opportunity to offer prize linked savings is giving our members incentive to save and the hope of a better financial future, through their own doing. They will learn the benefits of a savings and, my hope is, begin to increase that and be more prepared when a larger expense comes up. This could help teach Iowans the importance of relying on themselves to accomplish financial freedom, and who doesn't love that?

**Name:** Leah Oneyear

**Comment:** As a credit union employee, I would like to express my support for bill HSB 57. I work as a branch manager at Premier Credit Union in the Des Moines metro. Every day, multiple times a day we interact with Iowans who have very little, or in a lot of cases no savings at all. These individuals have no safety net for unexpected costs. Unfortunately, this also leads to a lot of these members, when in emergency situations, turning to predatory or payday lenders in order to secure funds. I believe this bill could help immensely in encouraging and educating Iowans on how to save and at the same time be incentivized to do it. There are no losers with Prize linked savings even if they don't win they now have that much needed safety net. This savings would create peace of mind and also help people break the cycle of poverty and constant borrowing. This bill would truly be a win for all Iowans.

**Name:** Joe Hearn

**Comment:** In 2017, a Federal Reserve study found that fewer than half of all Americans had enough money to cover a \$400 emergency expense. Many Iowans could use help to become better savers and prizelinked savings (PLS) programs can be a tool to that end. PLS programs were first launched in Michigan in 2009, designed to help people improve their financial lives and create better savings habits. PLS accounts encourage people to save by offering depositors chances to win prizes; money deposited in these accounts is federally insured. Unlike lotteries, PLS accounts do not require people to purchase anything in order to become eligible to win the simple act of saving money makes one eligible. Deposits into savings accounts or certificates of deposit (CDs) are held in a financial institution riskfree (just like traditional savings accounts or CDs), and depositors are entered into a drawing. Even if the saver doesn't win the drawing, he/she still maintains ownership of the funds they deposited and the accrued interest. By injecting the prospect of winning into the savings experience, PLS products not only reward successful savers, but

attract previously unbanked customers to enter the financial mainstream. PLS programs are growing nationally and 33 states currently have laws in place that permit them and the average participant saves \$2,300. Credit unions in Iowa are interested in starting these programs to help their members. However, a change to Iowa law (Chapter 99B governing raffles) is needed to allow credit unions and banks to host PLS programs in our state. Please support the prizelinked savings bill, HSB 57. Joe HearnDupaco Community Credit Union President/CEODubuque, IA

**Name:** Chelsea Steele

**Comment:** As a branch manager at Primer Credit in Ames I support bill HSB 57. As part of my job it is my responsibility to help educate our members on their financial wellbeing. On a day to day basis a lot of our members that come in are living paycheck to paycheck with no means of a safety net incase an emergency should arise. A lot of our members didnt have a savings to turn to in 2020. Last year has shown us how much Iowans are struggling with getting back on their feet after the pandemic and the derecho that ripped through the communities we serve. I believe that with this prize link savings program it would help encourage our members to start a small savings and let them know that for each time money is put in to that savings they get a chance to earn a prize. Even if they dont get the main prize, they will at least know their money is safe with.

**Name:** Kim Fetter

**Comment:** Benjamin Franklin said 'a penny saved is a penny earned'. While we may not consider a penny to be much by today's standard, the concept still applies. A dollar saved is a dollar earned. In today's economic times, heightened in 2020 by the a pandemic and derecho, giving Iowans more tools and encouragement to save more only makes good policy sense. HSB 57 enables all Iowa financials to have another tool in their toolbox to be able to encourage Iowans to build a savings. Thirtythree states have already granted financial institutions this ability and those implementing programs are seeing participants save on average \$2,300. Imagine how that savings would have helped Iowans this past year when they lost a job or lost part of their home. I encourage you to pass HSB 57 and give financial institutions another options for helping Iowans. Thank you for your time and service.

**Name:** Matthew De Bisschop

**Comment:** I have a question for those undecided or against prize linked savings accounts. Prize linked savings started in one state 11 years ago and is now a flourishing program in 33 states. Whats more, these programs have helped participants save approximatly 250 million dollars since inception. If we are looking for the market to innovate and help solve problems, prize linked savings is one small solution with no risk to capital. Why wouldnt we support a financial vehicle that is statisticly succussful in allowing the most vulnerable among us to save for the future, and lessen dependency on social support services? Thank you for your service to Iowa and consideration.

**Name:** Rebecca Neades

**Comment:** Please support HSB57 allowing for the creation of Prize Linked Savings. These programs have been shown to encourage the habit of saving as seen in the 33 states that allow prizelinked savings, with an average person savings \$2,300 because of this program. Throughout the past year we've watched many of our members draw down their savings and were it not for loan deferrals and zero interest grants we offered at GreenState Credit Union, many would be facing past due or default challenges today. I'm sure you're keenly aware of the financial uncertainty many people have faced this year and it highlights the need for Iowans to build a habit of savings.If allowed in Iowa, our hope is that all Iowa financial institutions will make this program available to better prepare Iowans for their next financial challenge.Please pass this bill onto the full committee and support its passage to the floor.Much appreciated.

**Name:** Andrea Hudnut

**Comment:** 2020 dealt Iowans a series of unexpected financial challenges, from a pandemic to a derecho, and many were wholly unprepared for such significant surprises. Prizelinked savings accounts are now a tested and proven tool across 33 states allowing the average participant to save an estimated \$2,300. I'm writing to ask for your support of HSB 57 to allow Iowa's financial institutions (both banks and credit unions) to use this tool to help Iowans save for future unexpected challenges, lessen their vulnerability to predatory lenders and strengthen their financial foundation.

**Name:** KATIE HALL

**Comment:** Iowa's Cooperatives support passage of HSB 57. A prizelinked savings account provides Iowans another tool to save AND create long term habits of saving. The Federal Reserve reports that 39% of Americans don't have enough money on hand to cover a \$400 emergency. We can utilize a program that incentivizes savings, without risk, and it's called Prizelinked Savings. We urge you to support this legislation, allowing all lending institutions to provide another savings option to its customers.

**Name:**

Laura Hessburg

**Comment:**

The Iowa Coalition Against Domestic Violence (ICADV) represents 22 crime victim service provider agencies across Iowa and the collective experience of agency staff who dedicate their lives to supporting victims of violent crime, specifically survivors of domestic violence and sexual abuse. Our direct service providers routinely witness the pain and suffering of crime victims, as well as their stunning resilience in surviving repeated violent acts (often over the course of months and years), inflicted on their minds and bodies by people they know and care about. We enthusiastically support HSB 57, legislation allowing financial institutions in Iowa to join 33 other states in offering prize-linked savings products to Iowans. We believe these products offer a tremendous no-risk opportunity to assist all Iowans in building a financial cushion to address short-term needs and also encourage a habit of saving that results in long-term financial stability and resilience. But I will focus my remarks on why these types of programs are critically needed and important to survivors of domestic violence. In a sentence: Reducing barriers to accessing financial institutions is highly effective in enhancing safety for survivors of domestic violence and can protect against future financial abuse. Gender violence remains a persistent and pervasive public health crisis in our country with 1 in 4 women experiencing violence by a partner at some point in her life and most first experiences occurring before age 25. Abusive partners are often individuals a victim knows and cares about: friends, family, colleagues, and dating partners. Although physical violence is common in abusive relationships, financial abuse is more pervasive and often inflicts longer-lasting damage. Simply put financial abuse is withholding, sabotaging, and stealing a partner's financial assets. It is a coercive tactic used by virtually every abusive partner that controls a person's ability to acquire, use, or maintain economic resources. Abusive partners sabotage financial independence in numerous ways including limiting access to money, controlling bank accounts, taking paychecks, interfering with employment, ruining credit, destroying documents, etc. Coercive partners are acutely aware of the link between a victim's financial independence and access to safety. Financial abuse remains one of the most powerful methods of keeping a person trapped in the relationship, i.e. staying or coming back if they try to leave. Victims routinely balance the risk of staying in an abusive relationship with becoming homeless and facing poverty if they leave. One survey found that three-quarters of women report staying in an abusive relationship due to economic barriers. Financial security is critical to increasing a survivor's chance of escaping a violent relationship but escaping abuse generally means losing financial security as well as the means to regain it. Individuals who want to flee often spend weeks and months painstakingly saving small amounts of cash they can hide from an abusive partner. However, the abuse they endured not only left them with limited cash, but often leaves their credit in shambles so they face barriers in opening bank accounts or replacing identity documents needed to do that. And many rarely have enough money to meet the minimum deposit needed to open accounts at many financial institutions without paying fees. Prize-linked savings programs would allow survivors to open an account with a minimal deposit and a no-risk opportunity to quickly build savings and financial literacy. Plus having a savings account of their own opens many other financial doors to establishing credit and long-term financial stability. Prize-linked savings programs can help survivors budget, repair credit, and establish financial self-sufficiency without risk. Again financial empowerment programs like this benefit all Iowans but also offer a highly effective way to set domestic abuse survivors on a course to financial independence and safety. Our service providers are desperate for more opportunities in Iowa to meet the significant demand for financial empowerment services. Ending and preventing gender violence takes all of us and we urge you to support this bill allowing prize-linking savings programs in Iowa.

## **Iowa Coalition Against Domestic Violence – Support HSB 57 prize-linked savings**

The Iowa Coalition Against Domestic Violence (ICADV) represents 22 crime victim service provider agencies across Iowa and the collective experience of agency staff who dedicate their lives to supporting victims of violent crime, specifically survivors of domestic violence and sexual abuse. Our direct service providers routinely witness the pain and suffering of crime victims, as well as their stunning resilience in surviving repeated violent acts (often over the course of months and years), inflicted on their minds and bodies by people they know and care about.

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In a sentence: Reducing barriers to accessing financial institutions is highly effective in enhancing safety for survivors of domestic violence and can protect against future financial abuse.

Gender violence remains a persistent and pervasive public health crisis in our country with 1 in 4 women experiencing violence by a partner at some point in her life and most first experiences occurring before age 25. Abusive partners are often individuals a victim knows and cares about: friends, family, colleagues, and dating partners.

Although physical violence is common in abusive relationships, financial abuse is more pervasive and often inflicts longer-lasting damage. Simply put financial abuse is withholding, sabotaging, and stealing a partner's financial assets. It is a coercive tactic used by virtually every abusive partner that controls a person's ability to acquire, use, or maintain economic resources. Abusive partners sabotage financial independence in numerous ways including limiting access to money, controlling bank accounts, taking paychecks, interfering with employment, ruining credit, destroying documents, etc.

Coercive partners are acutely aware of the link between a victim's financial independence and access to safety. Financial abuse remains one of the most powerful methods of keeping a person trapped in the relationship, i.e. staying or coming back if they try to leave. Victims routinely balance the risk of staying in an abusive relationship with becoming homeless and facing poverty if they leave. One survey found that three-quarters of women report staying in an abusive relationship due to economic barriers.

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account of their own opens many other financial doors to establishing credit and longer-term financial stability. Prize-linked savings programs can help survivors budget, repair credit, and establish financial self-sufficiency without risk.

Again- financial empowerment programs like this benefit all Iowans but also offer a highly effective way to set domestic abuse survivors on a course to financial independence and safety. Our service providers are desperate for more opportunities in Iowa to meet the significant demand for financial empowerment services. Ending and preventing gender violence takes all of us and we urge you to support this bill allowing prize-linked savings programs in Iowa.

*House State Government Subcommittee Statement; January 25, 2021*

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