

Savings Promotion Raffles

By: Kristen Miller, Senior Legislative Attorney
October 8, 2020 | 2020-R-0225

Issue

Summarize Connecticut's law on savings promotion raffles (also called "prize-linked savings accounts") and list the state financial institutions that have conducted such a raffle and the raffles' terms.

This report updates Connecticut specific information in OLR Reports [2013-R-0107](#) and [2012-R-0360](#).

Summary

Connecticut law allows state banks and credit unions to offer savings promotion raffles, in which account holders who deposit a minimum amount of money are eligible to win prizes. To conduct the raffle, a bank or credit union must, among other things, (1) fully disclose the raffle's terms and conditions, (2) notify the banking commissioner of the raffle, and (3) maintain raffle records ([CGS § 36a-308](#)).

According to the state Department of Banking (DoB), eight state financial institutions have savings promotion raffles: two banks and six credit unions. The credit unions participate in a multi-state program which generally enters program participants into a raffle for monthly and quarterly cash prizes for each \$25 deposited. The banks with savings promotion raffles operate their own individual program. The banks' programs both enter participants in quarterly raffles where entries are based on \$25 deposits, but the terms, number of allowable entries, and prize amounts differ.

Savings Promotion Raffle Law

Connecticut law authorizes state banks and credit unions to conduct savings promotion raffles, which are raffles in which account holders who are at least age 18 deposit a minimum specified

amount of money in a savings account or program for a chance to win designated prizes. Each raffle entry must have an equal chance of winning.

Under the law, a bank or credit union seeking to conduct a savings promotion raffle must:

1. fully disclose the raffle's terms and conditions to all account holders,
2. maintain records sufficient to facilitate a related audit,
3. comply with applicable consumer protection laws,
4. not jeopardize the financial institution's safety and soundness, and
5. provide written notice of the raffle to the banking commissioner at least 30 days before the raffle occurs.

The law also allows the DoB commissioner to adopt associated regulations, but currently none have been adopted.

Institutions with Raffles

Name and Approval Date

According to DoB's records, eight institutions have conducted sales promotion raffles in the state: two banks and six credit unions. Table 1 lists the institutions and DoB's raffle approval dates.

Table 1: Savings Promotion Raffles in Connecticut

<i>Financial Institution</i>	<i>DoB Approval Date</i>
Connex Credit Union	April 1, 2015
Achieve Financial Credit Union	April 9, 2015
Dutch Point Credit Union	April 30, 2015
First County Bank	September 26, 2016
Metropolitan District Credit Union	November 29, 2016
Members Credit Union	December 13, 2016
Community Credit Union of New Milford	June 5, 2017
Newtown Savings Bank	March 23, 2018

Raffle Terms

Credit Unions. According to DoB, the credit unions all participate in the same program: the multi-state Save to Win Prize-Linked Savings (PLS) program. PLS was created in Michigan and designed to help low-to-moderate income people develop savings habits by rewarding savings behavior with the opportunity to win prizes.

Under the PLS program, an individual must deposit at least \$25 to open an account. Each time that the individual deposits \$25, he or she is entered to win a prize in monthly and quarterly drawings. But the program limits entries to 10 per month. An account must be open during the entire drawing period to be eligible to receive a prize.

The PLS prizes range from \$25 to \$5,000, but credit unions can offer additional member prizes. Table 2 lists the 2020 multi-state prizes, of which Connecticut participants are eligible, as provided on the PLS [website](#).

Table 2: Multi-State PLS Prizes

Prize Drawings	Number of Winners	Prize Amounts	Total Winners	Total Prizes	Drawing Dates
Monthly	170	\$25	2,040	\$51,000	14 th of each month (Feb 2020-Jan 2021)
Quarterly	2	\$5,000	8	\$40,000	14 th of Apr, Jul, Oct 2020 and Jan 2021
	10	\$1,000	40	\$40,000	14 th of Apr, Jul, Oct 2020 and Jan 2021
	15	\$500	60	\$30,000	14 th of Apr, Jul, Oct 2020 and Jan 2021
Total	n/a	n/a	2,148	\$161,000	n/a

The PLS program limits account withdrawals to once per year (for a \$25 fee). Interest rate and payments are independently set by each credit union.

Banks. Two Connecticut banks have conducted sales promotion raffles with varying terms and prizes. Under both programs, only one prize savings account may be established per Social Security Number or individual tax identification number.

Under Newtown Savings Bank's [program](#), a customer who opens a prize savings account receives an entry into a quarterly raffle for each \$25 deposit he or she makes into the account during the quarter. The bank limits the entries to one per day and 24 entries per quarter. One quarterly winner receives a \$1,500 deposit into his or her savings account.

First County Bank's [program](#) is similar, though it (1) limits the entries to 10 per month and (2) provides its quarterly winner with \$1,000 deposited into his or her savings account.

KLM:kl