

SUBJECT: Saver's Sweepstakes® Compliance FAQs

Introduction	1	POAs, guardians & representative payees	12
Executive Summary	1	Rates, fees & transaction limits	13
The basics	1	Saver's Sweepstakes data uploads	14
Who's who	2	Saver's Sweepstakes prize drawings	14
State & federal laws	3	Credit union prize "enhancements" and members-only drawings	17
Saver's Sweepstakes eligibility	5	Saver's Sweepstakes marketing	18
Saver's Sweepstakes account opening & disclosures	7	Commonwealth research & survey	19
Multiple Saver's Sweepstakes accounts	9	Death & Saver's Sweepstakes accounts	20
Saver's Sweepstakes joint accounts	9	Other Saver's Sweepstakes compliance issues	20
Saver's Sweepstakes accounts for minors	11	Index all FAQs	23

INTRODUCTION

This release applies to all credit unions, state and federal. It summarizes credit union compliance issues related to Saver's Sweepstakes, The League's statewide prize-linked savings program.

EXECUTIVE SUMMARY

This release features a set of Frequently Asked Questions (FAQs), designed to help credit unions that participate in The League's Saver's Sweepstakes program understand the compliance issues that may arise.

The FAQs start with basic information about the program, and then cover relevant state and federal laws. However, many of the terms and conditions that apply to Saver's Sweepstakes are found not in statutes or regulations, but in the contracts between The League, participating credit unions, and account holders. So, this release also summarizes the contract requirements. Still, it's not a substitute for the actual contracts. When in doubt, check the language of 1) the Saver's Sweepstakes Credit Union Participation Agreement that a credit union must sign to join the program, and 2) the Saver's Sweepstakes Account Agreement that individual account holders must sign to open accounts.

THE BASICS

What is Saver's Sweepstakes?

Saver's Sweepstakes is The 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 monthly, quarterly and annual cash prize drawings.

Members still can earn interest/dividends on their savings, but the chance to win gives them an additional incentive to save. This supports credit unions' mission to serve members, especially financially vulnerable members who have the hardest time saving. Instead of spending money on lottery tickets, members can deposit and save those funds for themselves and still have a chance to hit the jackpot.

Deposits can be made into a Saver's Sweepstakes account at any time and in any amount. For every \$25 increase in the month-over-month account balance, the primary account holder earns a drawing entry, subject to caps on the number of entries.

Only individuals may hold Saver's Sweepstakes accounts, and they must be residents of Wisconsin, Minnesota or Illinois.

Participating credit unions pay a one-time enrollment fee to join Saver's Sweepstakes, and an annual administrative fee. In addition, each participating credit union contributes to the statewide prize pool, based on the credit union's asset size.

Credit unions can choose to offer members-only prize drawings, in addition to the statewide prizes. They can also choose to “enhance” statewide prizes their members win (such as by doubling the prize amount).

Could my credit union design its own prize-linked savings program?

You could, but you are better served by participating in the Saver’s Sweepstakes program with other Wisconsin credit unions. Your credit union benefits from the statewide recognition and promotion of the program, and from the larger prizes available when many credit unions pool their resources. In addition, Saver’s Sweepstakes gives you access to a model account agreement, notice and disclosure forms, a sample policy, compliance assistance through The League’s Legal Affairs Department, marketing help, and other League assistance. A credit union launching its own program would have to develop its own expertise and resources from the ground up.

Does our board need to adopt a Saver’s Sweepstakes policy?

It should. The League provides a Sample Saver’s Sweepstakes Policy (available in the *Saver’s Sweepstakes Resource Center*), which the boards of participating credit unions should tailor to suit their needs. Among other things, the sample policy:

- Formalizes the credit union’s commitment to comply with the various state and federal laws that can apply to Saver’s Sweepstakes and with the contract provisions that control how the program runs;
- Addresses whether the credit union will “enhance” prizes its members win (e.g., by offering to double them);
- States whether the credit union will offer special members-only Saver’s Sweepstakes drawings;
- Sets out whether and how minors can hold Saver’s Sweepstakes accounts;
- Establishes whether the credit union will allow its staff, management and/or credit union volunteers (and their families) to participate; and
- Names the employee the credit union designates as its Saver’s Sweepstakes Project Manager.

Should staff be trained about Saver’s Sweepstakes accounts?

Yes, The League recommends staff training as a best practice. Each credit union should coordinate training as appropriate for each employee whose responsibilities may affect the Saver’s Sweepstakes program. For example, front line staff needs to understand how the program works, so that they can answer member questions. Member service representatives need to know which agreements, disclosures and other forms are needed to open Saver’s Sweepstakes accounts. Accounting staff needs to understand the credit union’s tax reporting obligations. IT staff needs to know how data must be uploaded for Saver’s Sweepstakes drawing entries.

What if these FAQs don’t address my compliance questions?

Many answers can be found here, but if not, feel free to contact The League’s Legal Affairs Compliance Hotline: (800) 242-0833 or by email at compliance@theleague.coop.

Where can my credit union find Saver’s Sweepstakes resources?

The League’s website – www.theleague.coop – has material that is exclusively available for credit unions participating in the Saver’s Sweepstakes program. That includes an online *Saver’s Sweepstakes Resource Center*. It offers compliance resources, such as a sample Saver’s Sweepstakes policy, sample agreements, sample Truth in Savings disclosure, and notices; marketing tools, such as sample press releases and graphics; technology resources; and other materials.

WHO’S WHO

How is Saver’s Sweepstakes related to the Minnesota Credit Union Network’s WINcentive™ prize-linked savings program?

WINcentive is a prize-linked savings program offered to credit unions in Minnesota and other states by the Minnesota Credit Union Network. The League wanted to create its own statewide prize-linked savings product program for Wisconsin credit unions, using our own unique brand and logo, so we contracted with the Minnesota Credit Union Network to help. They provided templates of their WINcentive materials, which we enhanced to suit the needs of

Wisconsin credit unions. We also contracted to use the services of their subsidiary, called TruLync, for technology support.

What is TruLync?

TruLync, Inc., a subsidiary of the Minnesota Credit Union Network, is a payments processing company that serves credit unions. The League contracts with TruLync to use its file transfer and security framework. TruLync handles the technology component of the Saver’s Sweepstakes program. It has the necessary software to collect and store member data, verify member eligibility, tabulate entries, apply a randomization formula to select prize winners and deliver notifications about prize winners.

What is Commonwealth?

Commonwealth is a national non-profit organization that researches prize-linked savings programs and their impact on consumer savings nationwide. The League has agreed to provide information to Commonwealth about Saver’s Sweepstakes and its participants.

Who is the League’s Saver’s Sweepstakes Project Manager?

Jennifer Esser, The League’s Director of Councils & Networks, is The League’s Project Manager for Saver’s Sweepstakes and can be reached at (608) 640-4070.

Does our credit union need to name its own Saver’s Sweepstakes Project Manager?

Yes. The agreement a participating credit union signs to join Saver’s Sweepstakes requires it to appoint a Project Manager to oversee its program. The League’s Sample Saver’s Sweepstakes Policy includes space for your board to designate the credit union’s Saver’s Sweepstakes Project Manager. You must then provide the League with that person’s contact information, including name, phone number and email address, so that we can communicate with them about the program and send any needed notices.

In addition, each credit union must provide contact information for at least one IT person, with whom The League can communicate about technology matters.

STATE & FEDERAL LAWS

Does Wisconsin law allow Saver’s Sweepstakes?

Yes. Ordinarily, combining three elements – chance, consideration, and a prize – creates an illegal lottery under Wisconsin law. (For more information, see The League’s *ii Release No. 0124 – “Advertising Compliance Checklist”*.)

In 2017, Wisconsin joined a growing list of states that have adopted laws to carve out exceptions for prize-linked savings promotions. *Section 186.114 of the Wisconsin Statutes* says that a “savings promotion prize program” offered by a credit union (state-chartered or FCU) will not violate Wisconsin’s statutes on raffles, lotteries and betting – *if* the prize-linked savings program offers “qualifying accounts” that meet several conditions:

- Depositors cannot be required to pay any fee or give “other consideration” to enter;
- All fees charged by the credit union on a prize-linked savings account must be comparable with fees charged on other accounts;
- Each entry in the prize-linked savings promotion must have an equal chance of winning; and
- Participants cannot be required to be present at a prize drawing to win.

The law goes on to explain that credit unions can require members to deposit specified amounts into a prize-linked savings “qualifying account” for specified amounts of time. Such account restrictions do not count as “consideration,” so long as the interest/dividend rate on the prize-linked savings account is not reduced (as compared to other accounts).

Under Wisconsin’s prize-linked savings law, a credit union can conduct a prize-linked savings promotion in this state or participate with a trade association (like The League) in conducting one. (Separate statutory sections allow Wisconsin banks, savings banks, or savings and loan associations to offer prize-linked savings accounts.)

Do Minnesota & Illinois law allow Saver’s Sweepstakes?

Yes. *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.

The statutes are quite similar to the Wisconsin statute. Because of that similarity, and because The League developed Saver’s Sweepstakes with the assistance of the Minnesota Credit Union Network, we allow Wisconsin credit unions to offer Saver’s Sweepstakes accounts to individuals who reside in these other states.

However, the credit union is required to close a Saver’s Sweepstakes account and pay out the funds in the account if the primary account holder transfers residency outside of Wisconsin, Minnesota or Illinois.

Do other states allow Saver’s Sweepstakes?

Not necessarily. Some states have laws allowing credit unions to conduct prize-linked savings programs; some states do not.

The League has designed Saver’s Sweepstakes to comply with Wisconsin law. However, that does not guarantee that the program complies with the laws of other states, even if those states have adopted some version of a prize-linked savings statute. That’s because the state laws are not uniform. They vary in scope and complexity from state to state, making it difficult (if even possible) to design a prize-linked savings program that complies with them all.

For example:

- *The Michigan prize-linked savings laws* only cover “domestic” credit unions, which their statutes define as a credit union organized under Michigan law. It appears that a credit union chartered in Wisconsin (or FCUs) may violate Michigan law by letting a Michigan resident open Saver’s Sweepstakes accounts.
- *Georgia’s prize-linked savings statute* includes specific requirements for stating the odds of winning in advertisements and disclosing certain terms to participants. The Saver’s Sweepstakes forms are not designed to comply with these requirements.

Does federal law allow Saver’s Sweepstakes?

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

Federal statutes ban many forms of lotteries and gambling, and *certain federal statutes* address the importation or mailing of lottery tickets. The ASPA limits the scope of those laws, carving out an exception for a credit union (or other federally insured institution) to conduct a “savings promotion raffle,” which is defined as:

... a contest in which the sole consideration required for a chance of winning designated prizes is obtained by the deposit of a specified amount of money in a savings account or other savings program, where each ticket or entry has an equal chance of being drawn ...

The ASPA did not amend the Federal Credit Union Act, but it didn’t need to because the Federal Credit Union Act does not prohibit (nor explicitly permit) FCUs from offering prize-linked savings programs.

Does the credit union have to comply with federal law on mailing deceptive sweepstakes materials?

Yes. The federal Deceptive Mail Prevention and Enforcement Act (*39 U.S.C. Ch. 30*) gives the U.S. Postal Service authority to protect consumers against those who use *deceptive* mailings featuring games of chance, sweepstakes, skill contests, and facsimile checks. The law applies to sweepstakes materials sent through the U.S. mail.

The ASPA, discussed in the previous FAQ, does not exempt credit union prize-linked savings programs from the Deceptive Mail Prevention and Enforcement Act. Therefore, credit unions offering Saver’s Sweepstakes (and any other types of contests) should comply with its strict prohibitions on the following false representations in sweepstakes promotions:

- That the recipient is a winner, unless that person actually has won a prize;
- That the recipient must order to enter;

- That an entry must be sent in with payment for a previous purchase;
- That the recipient must make a purchase in order to receive future sweepstakes mailings;
- A fake check if it does not include a statement on it that it is nonnegotiable and has no cash value; and
- Any seal, name, or term that implies a federal government connection, approval, or endorsement.

The federal law requires sweepstakes mailings to disclose:

- That a purchase is not necessary to enter and will not improve the chances of winning. These disclosures must appear in the mailing, in the rules and on the entry form and be very easy to find, read and understand;
- A name and business address where the sponsor can be contacted;
- The estimated odds of winning each prize. If the odds depend upon the number of entries, the stated odds should be based on an estimate of the number of entries;
- The quantity, estimated retail value and nature of every prize; and
- A clear statement of the payment schedule of any prize (for example, whether it will be awarded in payments over a period of years).

In addition, consumers have the right to stop receiving sweepstakes mailings. Sweepstakes promoters must give consumers a reasonable way to request removal of their names from mailing lists. Marketers must maintain a record of all “stop mail” requests and suppress the names for 5 years. The requests must come in writing and can come from an individual or from an individual’s guardian or conservator. Consumers have the right to sue in small claims court for failure to remove their names from sweepstakes mailing lists.

See the Direct Marketing Association’s *“Sweepstakes Do’s and Don’ts for Marketers”* and the U.S. Postal Service’s *“A Consumer’s Guide to Sweepstakes and Lotteries”* for guidance.

SAVER’S SWEEPSTAKES ELIGIBILITY

Who is eligible to open Saver’s Sweepstakes accounts?

The terms of the Saver’s Sweepstakes Account Agreement restrict who can open and hold Saver’s Sweepstakes savings accounts:

- The primary account holder must be a credit union member with a membership share account. (A later FAQ discusses options for designated low-income credit unions to serve non-members.)
- A minor may be a joint account holder if the primary account holder is 18 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, subject to the Uniform Transfers to Minors Act. (Credit unions can establish their own policies on whether, and under what conditions, they will allow minors to hold Saver’s Sweepstakes accounts. For information on providing services to minors, see The League’s *ii Release No. 0012 – “Custodial Accounts under UTMA & Services for Minors.”*)
- The primary account holder must be a resident of 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 only low-income people or non-savers open Saver’s Sweepstakes accounts?

No. Saver’s Sweepstakes is designed to appeal to low- to moderate-income individuals, as well as non-savers, but any member can open an account. Members earn drawing entries by making deposits, but to keep things fair and prevent anyone from making outsized deposits just to earn excessive entries, the number of entries a primary account holder can earn is capped, regardless how much the account balance increases. The caps are discussed in a later FAQ.

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. This limitation is spelled out in the Saver’s Sweepstakes Account Agreement.

Can the credit union’s staff, management, or volunteers hold Saver’s Sweepstakes accounts?

That is up to the credit union.

The Saver’s Sweepstakes Credit Union Participation Agreement says: “At Credit Union’s option, it may determine whether its employees, volunteers, and/or management (and family members) may open and maintain Saver’s Sweepstakes accounts.” The credit union’s board should address eligibility in its Saver’s Sweepstakes policy, and The League’s Sample Saver’s Sweepstakes Policy addresses this. Care should be taken to apply any restrictions uniformly and fairly.

Of course, members may find it suspicious if a credit union’s employees, management or volunteers (or their families) win. Even though Saver’s Sweepstakes drawings are random and outside the credit union’s control, the appearance of favoritism can create reputation risk. For that reason, many organizations limit the ability of “insiders” to participate in contests, drawings or promotions.

Can Saver’s Sweepstakes be offered to members residing outside Wisconsin, Minnesota or Illinois?

No. Saver’s Sweepstakes participants must be residents of Wisconsin, Minnesota or Illinois, and they become ineligible if they move out of those states. The League has designed Saver’s Sweepstakes to comply with Wisconsin law, and that does not guarantee that the program complies with the laws of other states, even if those states have adopted some version of a prize-linked savings statute.

Because the prize-linked savings statutes in Minnesota and Illinois are quite similar to the Wisconsin’s, and because The League developed Saver’s Sweepstakes with the assistance of the Minnesota Credit Union Network, we allow Wisconsin credit unions to offer Saver’s Sweepstakes accounts to individuals who reside in Minnesota or Illinois, as well as Wisconsin.

What does it mean to be a “resident” of a state?

The residency requirement is a contract restriction, built into the Saver’s Sweepstakes Account Agreement. That agreement does not define it, but “legal residency” is commonly understood to mean the one place where a person maintains his/her permanent home or “domicile.” Residency depends on many factors, including where a person registers his/her vehicle, votes, or pays taxes. A person may be physically present or living in one place but maintain their legal residence somewhere else. For example, a retiree can still be a Wisconsin resident even if he/she spends several months each year in Arizona or Florida – so long as Wisconsin remains his/her true, fixed, and permanent home where he/she intends to remain permanently and indefinitely and to which he/she intends to return whenever absent. Similarly, a Florida resident may have a cabin or vacation home in Wisconsin, but still be considered a legal resident of Florida and therefore not eligible to participate in Saver’s Sweepstakes.

What if a primary account holder moves out of Wisconsin, Minnesota or Illinois after opening the account?

If the credit union learns that the primary account holder is no longer a resident of Wisconsin, Minnesota or Illinois, he/she becomes ineligible to participate in Saver’s Sweepstakes and the credit union is to close the account and transfer the account’s funds to the account holder(s). The credit union is responsible for sending any required notices of account closure.

Of course, any account closure is subject to any applicable state or federal laws. For guidance on closing accounts, see The League’s *ii Release No. 0183 – “Denial of Services.”* It explains, for example, that if a member has federal benefits directly deposited into an account via ACH, federal rules require the credit union to give the member 30 days’ notice before it can close the account (except in cases of fraud).

By signing the Saver’s Sweepstakes Account Agreement, the primary account holder agrees to notify the credit union if he/she moves out of Wisconsin, Minnesota or Illinois. Even if the credit union is not notified, it should close the account once it learns of the change in residency.

SAVER’S SWEEPSTAKES ACCOUNT OPENING & DISCLOSURES

Can the Saver’s Sweepstakes account be used as a member’s primary share account?

No. The Saver’s Sweepstakes account cannot be used to hold the member’s share deposit – the amount (usually \$5 to \$25) that credit unions require members to keep on deposit. The Saver’s Sweepstakes account must be what most credit unions would call a “sub” account.

Why? Two reasons:

- We explain in *The League’s ii Release No. 0183* that the NCUA and the state’s model credit union bylaws both say that a credit union can only prevent a member from voting or from holding a basic membership share account by expelling that person from membership.
- As explained in later FAQs, credit unions are to close a Saver’s Sweepstakes account if the primary account holder moves out of Wisconsin, Minnesota or Illinois. The Saver’s Sweepstakes Account Agreement also says that the credit union can close the account in other situations, too, such as if the member is denied services by the credit union for any reason.

If the Saver’s Sweepstakes account held the member’s primary share deposit, the credit union would have to expel the member just to close the account. To avoid that result, the Saver’s Sweepstakes account cannot be used as a member’s primary share account.

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

Yes. The Saver’s Sweepstakes Account Agreement and The League’s sample Saver’s Sweepstakes Truth in Savings disclosure template are not designed for use with checking/share draft accounts, share certificates, money market accounts, IRA savings accounts, escrow accounts, or court-restricted accounts.

What forms does the credit union need to open Saver’s Sweepstakes accounts?

Credit unions should use the same documents that they would use to open any other savings account – *plus* the Saver’s Sweepstakes Account Agreement. A template for that agreement is in the *Saver’s Sweepstakes Resource Center*. That agreement has special terms and conditions that only apply to Saver’s Sweepstakes accounts. Other terms and conditions that are reflected in your usual account-opening documents still apply, as well.

See The League’s *ii Release No. 0002 – “WCUL Membership and Account Forms”* for guidance on the membership, account forms and disclosures that may be needed in addition to the Saver’s Sweepstakes Account Agreement, including:

- A membership application, which documents the primary account holder’s qualifications for membership and acceptance as a credit union member;
- A Customer Identification Program form, for recording identifying information about new customers (and which may include space to record OFAC checks);
- An account ownership agreement for the type of account (single, joint, custodial, etc.), which should be completed separately for each “sub” account;
- An account agreement brochure, which provides the account terms for all types of accounts and thus must be provided whenever an account ownership agreement card (or share certificate) is signed;
- An account information change request, which can be used when there is a change in information such as name, address, phone, etc.;
- Truth in Savings disclosures – like the special Saver’s Sweepstakes Truth in Savings template available to participating credit unions (see *ii Release No. 0101*);
- Electronic Funds Transfers Act (Reg. E) disclosure if appropriate (see *ii Release No. 0120*); and
- Initial privacy disclosure (See *ii Release No. 0152*).

If the credit union offers Saver’s Sweepstakes accounts to residents of Minnesota or Illinois, the credit union is responsible for ensuring that its procedures, and the forms, notices, disclosures or other documents it uses, comply with Minnesota or Illinois law.

How does Saver’s Sweepstakes affect my credit union’s privacy disclosures?

In a nutshell, it shouldn’t affect them at all.

The Saver’s Sweepstakes Account Agreement that your account holders sign explains that their personal data – including the primary account holder’s Social Security number and other personally identifiable information – will be shared with TruLync, a subsidiary of the Minnesota Credit Union Network. The League contracts with TruLync to conduct the randomized Saver’s Sweepstakes prize drawings. By signing the agreement, your account holders have explicitly consented to that sharing. TruLync has agreed with The League to protect the information and not to use it for other purposes, such as to market to your members.

The credit union’s *initial* privacy notices should not need to reflect the fact that information is shared with TruLync or give members the right to opt-out from that sharing. That’s because an exception in the federal privacy regulations (Reg. P §1026.14) says that the Reg. P requirements for an initial privacy notice, for opt out notices, and for service providers and joint marketing arrangements “do not apply if you disclose nonpublic personal information as necessary to effect, administer, or enforce a transaction that a consumer requests or authorizes, or in connection with: (1) Servicing or processing a financial product or service that a consumer requests or authorizes; (2) Maintaining or servicing the consumer’s account with you; ...”

Since TruLync is servicing a financial product the consumer requested and administering a Saver’s Sweepstakes drawing that the consumer authorized and consented to, that privacy rule exception should apply.

TruLync does share some data with Commonwealth, a national non-profit organization that researches prize-linked savings programs; however, that information is not personally identifiable, and so it should not trigger privacy disclosure issues, either.

Finally, federal privacy rules only require *annual* privacy notices if: 1) your credit union’s privacy policies have changed since its last notice or if 2) it has started sharing information with non-affiliated third parties in a way that triggers a right to opt-out. Since sharing Saver’s Sweepstakes data with TruLync does not trigger a consumer’s right to “opt-out,” it should not trigger the need for annual privacy notices, either.

For details, see The League’s *ii Release No. 0152 – “CFPB Rule on Privacy of Consumer Financial Information.”*

How does Saver’s Sweepstakes affect my credit union’s Truth in Savings disclosures?

The League provides a sample that credit unions can use for their Saver’s Sweepstakes Truth in Savings (TIS) account disclosures. It’s available in the *Saver’s Sweepstakes Resource Center*.

The sample addresses each of the items the TIS regulations require account disclosures to cover: rate information, compounding & crediting, balance information, fees, transaction limitations, bonuses, and the nature of dividends. The template does not include material about “term share accounts,” since Saver’s Sweepstakes forms are not designed for use with share certificates.

Credit unions must tailor the disclosure to suit their account terms. For example, if your credit union’s practice is to provide a separate rate & fee schedule with its TIS disclosure, then the built-in “Rate information” and “Fees” sections should be deleted. You’ll need to fill in a few blanks, as well, for specifics like the credit union’s “compounding and crediting” practices, and your Saver’s Sweepstakes minimum opening deposit or minimum balance requirements.

As with any account, you must provide TIS account disclosures to a member or potential member before a Saver’s Sweepstakes account is opened or a service is provided, whichever is earlier. Special rules allow delayed delivery if a consumer who is not present at the credit union uses electronic means (for example, an Internet website) to open an account. TIS disclosures must be provided upon request, too. For details, see The League’s *ii Release No. 0101 – “Truth in Savings.”*

Can Saver’s Sweepstakes accounts have Payable on Death (POD) beneficiaries? Where are they listed?

Yes, Saver’s Sweepstakes accounts can have POD beneficiaries.

As explained in a previous FAQ, credit unions should use the same documents that they would use to open any other savings account – *plus* the Saver’s Sweepstakes Account Agreement. Your account ownership agreement forms should include space for POD beneficiaries to be listed; they’re not named on the Saver’s Sweepstakes Account Agreement.

Keep in mind that a POA agent, guardian or conservator may or may not be able to name a POD beneficiary on an account (including on a Saver’s Sweepstakes account). For details, see *ii Release No. 0168 – “Powers of Attorney”* and *ii Release No. 0173 – “Guardianship.”*

The rules for POD beneficiaries are the same for Saver’s Sweepstakes accounts as for any other accounts. For example: The POD beneficiary is automatically legally entitled to the funds upon the death of the owner. This happens outside the probate process, so POD funds cannot be claimed by the personal representative of the decedent's estate. For joint POD accounts, the POD feature is not activated until all joint owners die. Multiple POD beneficiaries share the funds equally, unless the decedent left other instructions with the credit union. For more details, see The League’s *ii Release No. 0004 – “Release of Decedents’ Accounts.”*

MULTIPLE SAVER’S SWEEPSTAKES ACCOUNTS

Can someone own multiple Saver’s Sweepstakes accounts at our 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. However:

- He/she can be a joint owner on multiple accounts (where someone else is the primary account holder and potential prize winner).
- He/she could also be a POA agent, a custodian, a guardian or a conservator for someone else who is considered the primary account holder on that’s person’s own Saver’s Sweepstakes account.

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

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

A primary account holder can only win once per drawing. For example, even though a statewide monthly prize drawing may pick winners for multiple prizes, one person cannot win two prizes from that drawing. He/she could win more than one prize category (monthly, quarterly, or annual) within the same year. If the credit union participates in members-only drawings, then a member could win that drawing and a statewide drawing at the same time.

Can members of the same family or household each have their own Saver’s Sweepstakes accounts?

Yes. Even if member A is the primary account holder on a Saver’s Sweepstakes account, nothing prevents member’s A’s spouse, child, or any other relative or household members from being the primary account holders of their own Saver’s Sweepstakes accounts, too.

SAVER’S SWEEPSTAKES JOINT ACCOUNTS

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.

Like the primary account holder, any joint account holder must be an individual – not a business or other organization.

Even if there are joint account holders, only the primary account holder is entered into prize drawings and is eligible to win a prize.

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.

That’s because joint accounts are generally subject to Chap. 705 of the Wisconsin Statutes, which says that in any joint account (including one with a minor account holder) each owner has an equal right to all the funds in the account. They could even choose to withdraw all of the funds and close the account. Under the Wisconsin statutes: “A joint account belongs, during the lifetime of all parties, to the parties without regard to the proportion of their respective contributions to the sums on deposit ...” Wis. Stats. § 705.03(1). And generally, “A financial institution may on request pay any sums on deposits in the account to any party ...” Wis. Stats. § 705.06. (There are some exceptions, such as where a court order limits the rights of the parties or where the terms of the specific account differ.) This means that a joint account holder (even a minor) is legally able to withdraw funds from the account, whether the primary account holder likes it or not - unless the account ownership agreement clearly indicates that more than one signature is required (which is not a condition that most credit unions accept).

In addition, joint accounts usually feature the right of automatic survivorship under Chap. 705 of the Statutes. That means that when one account holder dies, the other(s), if living, automatically become(s) legally entitled to the funds in the account. This is not affected by whether it is an “and” or “or” account. (A FAQ below explains how Saver’s Sweepstakes accounts should be handled upon an account holder’s death. In addition, Chap. 705 has provisions that govern an account’s “payable on death” beneficiaries – including POD beneficiaries on Saver’s Sweepstakes accounts. A FAQ below talks about POD beneficiaries in more detail.)

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.

The winner may accept prizes in the form of cash, credit union check, or deposit into his/her membership share account, regardless whether that account may have joint account holders. Prizes are not to be deposited directly into the winner’s Saver’s Sweepstakes account (although winners are encouraged to consider saving part of any prize winnings by making a subsequent deposit into their Saver’s Sweepstakes account).

Can a non-member be a joint account holder on a Saver’s Sweepstakes account?

Yes. Ordinarily, credit unions can only serve members. However, non-members can be joint account holders on any credit union account, including Saver’s Sweepstakes savings accounts.

Can a non-member be the primary account holder on a Saver’s Sweepstakes account?

Yes, but *only* if the credit union is designated as low-income.

Wisconsin’s prize-linked savings statute for credit unions allows “members” to hold the accounts, and on first blush, that implies that membership in the credit union is required. However, the prize-linked savings statutes define the word “member” by referring to any account permitted under another section of the credit union statutes - §186.113. That section authorizes Wisconsin’s state-chartered credit unions to offer accounts to members and – *if* the credit union is designated as a low-income credit union – to non-members, as well.

Bottom line: Only a low-income credit union can open a Saver’s Sweepstakes accounts for a non-member as the primary account holder.

If you’re not sure whether a credit union has been designated as a “low income” by the NCUA, you can [*look it up here*](#). For more information about low-income credit unions, see The League’s [*ii Release No. 0165*](#).

Wisconsin law also allows credit unions to accept public deposits from 1) units of Wisconsin state or local government or 2) from other credit unions (federal or state), without memberships. Those two categories are irrelevant here, though, since only individuals can hold Saver’s Sweepstakes accounts.

SAVER’S SWEEPSTAKES ACCOUNTS FOR MINORS

Can minors participate in Saver’s Sweepstakes?

The prize-linked savings statutes in Wisconsin, Minnesota and Illinois do not restrict minors from participating in Saver’s Sweepstakes.

Whether, and how, minors can participate is up to each credit union. Under the terms of the Saver’s Sweepstakes Account Agreement, the credit union has a choice:

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.

The League’s Sample Saver’s Sweepstakes Policy includes space for each credit union to formalize its policy on whether, and under what conditions, it will allow minors to participate in the program. For example, a credit union might allow only minors of a certain age to hold Saver’s Sweepstakes accounts in their own names (with consent).

For information on providing services to minors, see The League’s *ii Release No. 0012 – “Custodial Accounts under UTMA & Services for Minors.”*

When is a parent’s or legal guardian’s consent needed for a minor?

Consent is needed whenever a minor is considered the primary account holder – the person who may win a Saver’s Sweepstakes prize: 1) A Saver’s Sweepstakes account solely held by a minor; or 2) A joint Saver’s Sweepstakes account where the minor is the primary account holder; or 3) A custodial Saver’s Sweepstakes account held for a minor. The only time consent wouldn’t be necessary for a minor is when the minor is a joint account holder, not the primary account holder, since he/she would not be eligible for prize drawings.

How do parents & legal guardians consent to a minor’s Saver’s Sweepstakes account?

When consent is needed, the parent or legal guardian gives it by signing the statement in the signature area at the end of the Saver’s Sweepstakes Account Agreement.

Does a parent’s or legal guardian’s consent allow the credit union to publicize the name or photo of a minor who wins?

Yes. The agreement clearly states the parent’s or guardian’s consent includes the “Publicity” section, which allows The League and the credit union to publicize winners (including the minor) by using their first name, last name initial, photograph, the amount of the prize, and any testimonials or quotes.

How are Saver’s Sweepstakes custodial accounts handled?

One option for minors to participate in Saver’s Sweepstakes is for an adult to open a custodial account under Wisconsin’s Uniform Transfers to Minors Act. In fact, that may be preferable to opening accounts for minors as joint with an adult or in the minor’s own name. That’s because a custodian controls the funds for the minor’s benefit, preventing the minor from accessing the account until age 21 (not 18).

Open and title the accounts just as you would any other custodial account, e.g., by having the custodian complete and sign a custodial account ownership agreement and name a successor custodian. *In addition*, a Saver’s Sweepstakes Account Agreement needs to be signed, naming the minor as the primary account holder (the one who’s eligible to win prizes).

As explained in The League’s *ii Release No. 0012 – “Custodial Accounts under UTMA & Services for Minors”* – the custodian *controls* the account for the benefit of the minor, but the minor actually *owns* the funds. So, the minor on a custodial account must be treated as the primary account holder for Saver’s Sweepstakes purposes, meaning that he/she is the person whose name is entered into Saver’s Sweepstakes prize drawings. List the minor’s name, and then the custodian can sign the agreement in his/her capacity as custodian. Finally, the credit union must get the written consent of the minor’s parent or legal guardian. That consent is not ordinarily required for custodial accounts, but it’s needed

for custodial Saver’s Sweepstakes accounts so that the parent can consent to the credit union publicizing the minor’s name if he/she wins.

It’s always a good idea for the custodian to name a successor custodian on the account forms, who can take over responsibility for the account if the original custodian dies, resigns, or becomes incapacitated.

How are prizes disbursed to minors who win?

If a minor wins a Saver’s Sweepstakes prize, the credit union should distribute the prize 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 should not be paid over to the minor’s parents or guardians; they do not automatically have a right to the minor’s winnings.

As with any Saver’s Sweepstakes prizes, *credit unions must not directly deposit prizes into a winner’s Saver’s Sweepstakes account*. Winners can be 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.)

What should be done with a minor’s Saver’s Sweepstakes account when he/she turns 18?

That depends on how the account is held.

- If the account is solely held by the minor in his/her own name, then at age 18, we suggest requiring him/her to sign a new Saver’s Sweepstakes Account Agreement. That way, the now adult account holder is independently agreeing to all of the account terms, and the credit union is no longer relying on consent his/her parent or legal guardian gave for opening the account when he/she was younger.
- The same advice applies to an account where the minor and an adult(s) hold the account jointly: At age 18, we suggest requiring him/her to sign a new Saver’s Sweepstakes Account Agreement. That way, the now adult account holder is independently agreeing to all of the account terms, and the credit union is no longer relying on consent his/her parent or legal guardian gave for opening the account when he/she was younger.
- If the Saver’s Sweepstakes account is held as a custodial account, the custodian controls the account for the minor’s benefit, preventing the minor from accessing the account until age 21 (not 18). For guidance on what to do with custodial accounts when the minor reaches 21, please see The League’s *ii Release No. 0012 – “Custodial Accounts under UTMA & Services for Minors.”*

Custodial Saver’s Sweepstakes accounts raise one unique compliance issue: When a parent or legal guardian signs the consent section on the Saver’s Sweepstakes Account Agreement, the agreement clearly states that his/her consent includes the “Publicity” section, which allows The League and the credit union to publicize winners by using their first name, last name initial, photograph, the amount of the prize, and any testimonials or quotes. That consent will last until the minor reaches 18, at which point he/she would need to consent to publicity. Custodial accounts under the UTMA don’t end at 18, though. For purposes of the UTMA, a “minor” means anyone younger than 21. For that reason, once the “minor” on a custodial Saver’s Sweepstakes account reaches age 18, the credit union should ask him/her either to sign a Saver’s Sweepstakes Account Agreement or a separate publicity/photo release. The 18-, 19-, or 20-year old still couldn’t access the custodial account directly, but at least the credit union would then have their consent to use their name, picture and so on in publicity materials if they win.

POAS, GUARDIANS & REPRESENTATIVE PAYEES

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

Yes – as long as the Power of Attorney documentation or the Letters of Guardianship/Conservatorship allow for it. Credit unions should review those documents carefully, since they can vary widely in what they allow or prohibit.

A POA agent, guardian or conservator is considered a “fiduciary,” which means they have a special duty to act in good faith and only for the benefit of the person they represent. The Saver’s Sweepstakes Account Agreement allows them to sign for that person, by saying:

If I am a fiduciary – such as a power of attorney agent, custodian, guardian, or conservator – I sign in a representative capacity on behalf of the principal/ward I represent, whose name is _____. I understand that only they will be eligible to win Saver’s Sweepstakes prize drawings and that any prizes won will belong solely to them, not to me.

Even if the POA agent, the guardian or the conservator signs the Saver’s Sweepstakes Account Agreement, he/she would not be the account holder; the account holder (and potential prize winner) would be the POA principal or the ward who is under guardianship or conservatorship.

For information to help you understand what a POA agent, guardian or conservator can or cannot do, please review *ii Release No. 0168 – “Powers of Attorney”* and *ii Release No. 0173 – “Guardianship.”*

Can representative payees open Saver’s Sweepstakes accounts?

No.

The U.S. Social Security Administration can appoint representative payees (often called “rep payees”) to help beneficiaries manage their Social Security or Supplemental Security Income benefits. (The U.S. Department of Veterans Affairs appoints “VA fiduciaries” with similar responsibilities.)

The League does not believe that Saver’s Sweepstakes can (or should) be used for rep payee accounts, for several reasons:

- A rep payee is only authorized to manage certain federal benefits. He/she has no general authority to act on the beneficiary’s behalf on other matters, as a guardian or a POA agent may have. Therefore, the rep payee could not agree on the beneficiary’s behalf to all of the terms in the Saver’s Sweepstakes Account Agreement, including the clause that allows the credit union to publicize the winner’s first name, last initial, and photo.
- A rep payee has no general authority to manage a beneficiary’s finances other than federal benefits. Therefore, he/she could not access or control prize money the beneficiary wins.
- Prizing winnings could affect the beneficiary’s continuing eligibility for government benefits.

For information on handling rep payee accounts, see The League’s *ii Release No. 0129 – “Social Security Representative Payees.”*

RATES, FEES & TRANSACTION LIMITS

What interest/dividend rate should be 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 APY on its Saver’s Sweepstakes accounts; however, under Wisconsin prize-linked savings law, the interest/dividend rate associated with a Saver’s Sweepstakes account may not be reduced, as compared to comparable accounts offered by a credit union that are not Saver’s Sweepstakes accounts, to account for the possibility of winning a prize. This means that the credit union must offer a rate on Saver’s Sweepstakes accounts that is no lower than the rates it offers on similar non-prize-linked savings accounts.

Are there caps on deposits to Saver’s Sweepstakes accounts?

No. Deposits can be made into a Saver’s Sweepstakes account at any time and in any amount.

Can the credit union charge fees on Saver’s Sweepstakes accounts?

Yes. You can charge fees on Saver’s Sweepstakes account, just as you would on any other savings accounts – so long as your account ownership agreement provides for it and you disclose the fees properly. In some cases, legal restrictions may apply to certain kinds of fees. (For example, see The League’s *ii Release No. 008 – “Dormant Accounts.”*)

Are there early withdrawal penalties for Saver’s Sweepstakes accounts?

No. Prior to 2021, participating credit unions had to charge early withdrawal penalties, unless waived, of \$10 for a first withdrawal, and \$10 for a second withdrawal in any 12-month period. Those restrictions have been eliminated. Members should understand, however, that even though they may now make unrestricted withdrawals from their

Saver’s Sweepstakes account, doing so may affect chances to win. This is from the Saver’s Sweepstakes Account Agreement:

You (or a joint Account holder) can make withdrawals from the Account, but this can impact whether you earn drawing entries. For example, if you deposit \$25 but withdraw \$5 in the same month, your balance will not increase enough to earn a drawing entry.

What’s the 12-month “savings period?”

Saver’s Sweepstakes account holders agree to participate in a 12-month “savings period,” which begins when the member opens the accounts, and it ends 12 months later.

Since your members could open Saver’s Sweepstakes accounts at any time, the “savings period” will be different for each account, and in almost all cases it will not follow the calendar year.

The data that the credit union must transmit to TruLync every month for the drawing includes the date that each account was opened.

What happens at the end of the 12-month savings period?

Each Saver’s Sweepstakes account automatically renews at the end of its 12-month savings period. The stated interest/dividend rate and corresponding APY continue after that time, unless the credit union notifies the account holders of a rate change. (The League’s *ii Release No. 0101 – “Truth in Savings”* – has details on change in terms notice rules.)

If the member keeps the Saver’s Sweepstakes account open for another 12-month savings period, the balance that remains in the account at the end of the anniversary month will be treated as a new deposit for eligibility into applicable prize pools. For example, if the member has a \$25 balance at the end of one savings period, and he/she does nothing, the account will stay open for another savings period, and the member will essentially get one “free” entry for the upcoming monthly, quarterly and annual drawings (as if the member had a \$25 month-over-month balance increase).

SAVER’S SWEEPSTAKES DATA UPLOADS

How does the credit union submit names for the drawing?

Each credit union must upload Saver’s Sweepstakes data to TruLync on or before the 3rd business day of each month.

TruLync, Inc., a subsidiary of the Minnesota Credit Union Network, is a payments processing company that serves credit unions. The League contracts with TruLync to use its file transfer and security framework.

Appendix 2 to the Saver’s Sweepstakes Credit Union Participation Agreement has the technical details about the data file format and the information it must include. It also includes TruLync contact information if you have technical questions. This “Data File & Security” document is available in The League’s online *Saver’s Sweepstakes Resource Center*.

What if the credit union misses the deadline to upload data for a drawing?

TruLync, in its sole discretion, may accept data uploads beyond the 3rd business day of each month. The credit union is solely responsible to its members if it fails to upload the needed data in time for a drawing, or if the data it uploads is incomplete or inaccurate.

What steps does TruLync take to protect member data that the credit union submits?

The Saver’s Sweepstakes Credit Union Participation Agreement explains the steps that TruLync has promised to take to secure data. Please see Section VIII of that contract for details.

SAVER’S SWEEPSTAKES PRIZE DRAWINGS

Where does Saver’s Sweepstakes statewide prize money come from?

All of the participating credit unions contribute to the prize pool. The amount of each credit union’s contribution is based on its asset size as of the most recent Call Report, and the schedule is adjusted annually. 100% of the prize contributions are allocated to the prize pools. The League keeps none of these funds.

How often are Saver’s Sweepstakes prizes awarded?

Statewide prize drawings are conducted monthly, quarterly, and annually.

Each credit union can choose whether it will offer members-only drawings, how frequently (monthly, quarterly, and or annually) and in what amount(s).

When are winner’s names drawn?

Saver’s Sweepstakes prize drawings are done 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. TruLync conducts drawings for members-only prizes (if a credit union chooses to offer them) at the same time as the Saver’s Sweepstakes statewide drawings.

How do members earn entries for drawings?

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 the credit union chooses to hold additional prize drawings only for its membership.

Do deposits have to be in \$25 increments?

No. Account holders can deposit as much as they like to their Saver’s Sweepstakes accounts, whenever they like, in whatever amounts they like.

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

To keep things fair and prevent anyone from making outsized deposits just to earn excessive entries, 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 (\$450 total deposit)
Annual	72 entries max (\$1800 total deposit)	72 entries max (\$1,800 total deposit)

How do withdrawals affect a member’s 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.

If the Saver’s Sweepstakes account balance remains at a lower balance due to withdrawals, the following month’s lower balance will be considered the opening balance, and the account holder can begin making additional qualifying deposits toward entries.

Withdrawals of any kind can impact Saver’s Sweepstakes prize drawing entries, including withdrawals by any account holder (primary or joint), set off by the credit union, or withdrawals caused by garnishments or levies against accounts.

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. However:

- Account holders may win more than one prize category (monthly, quarterly, or annual) within the same year.

- If the credit union participates in members-only drawing, then a member could win that drawing *and* a statewide drawing at the same time.

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 League’s discretion. As the prize pool increases, the number and/or amounts will also increase. For a current list of prizes, please visit the *Frequently Asked Questions section of our Saver’s Sweepstakes Resource Center*.

How are winners selected?

TruLync picks Saver’s Sweepstakes winners randomly, using its software’s application of a random selection generator from the pool of all available entries calculated for any given prize pool.

Is there any guaranty that one of my credit union’s members will win?

No, not in the statewide drawing. TruLync makes no representations or guarantees that any member of any particular credit union will be selected as a winner for any given prize pool.

If your credit union chooses to hold additional “members-only” prize drawings, then obviously, only your members can win them.

Does the credit union have to verify that our account holders and winners are eligible?

Yes. In fact, there are three ways the credit union is responsible for verifying eligibility:

- First, the credit union is required to verify eligibility at account opening. An earlier FAQ spells out who is eligible to open Saver’s Sweepstakes accounts.
- Second, the credit union is required to verify the information contained in the data file for account holder eligibility before each data upload. That includes confirming that the Saver’s Sweepstakes primary account holder remains a Wisconsin, Minnesota or Illinois resident, is not deceased, or is not otherwise ineligible to win a prize.
- Third, if one of your members is a winner, the credit union is responsible for final verification of eligibility and for notifying the winner(s). Before receiving any prize, the primary account holder must confirm eligibility by verifying his/her identity with the credit union. If the credit union determines that the primary account holder was ineligible at the time of the prize drawing, the Saver’s Sweepstakes Account Agreement they signed says that they will forfeit any prize(s) won and that the credit union will close the account.

How does the credit union know who’s won?

After each drawing, TruLync notifies credit unions directly that reports of winners are available for download from the information center on its website. The League also receives a TruLync winners report but with limited information, such as the first names and last initials of winners.

How are prizes disbursed?

If one of your members wins, the League will promptly transfer the winning prize funds to the credit union, which gets to pay the winner.

It’s up to the credit union to notify its winners, which can be done via telephone, email, or standard USPS mail.

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 they opt 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. The Saver’s Sweepstakes Account Agreement says this, but it may not hurt to remind winners.

If a minor wins, the credit union should distribute the prize 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 should not be paid over to the minor’s parents or guardians; they do not automatically have a right to the minor’s winnings.

Credit unions must not directly deposit prizes into a winner’s Saver’s Sweepstakes account. Winners can be 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 it into a Saver’s Sweepstakes account themselves.)

If the primary account holder does not claim a prize from the credit union within 30 days after winning, the Saver’s Sweepstakes Account Agreement says that the credit union will automatically deposit the prize money into the primary account holder’s share account, even if that account may have joint account holders.

CREDIT UNION PRIZE “ENHANCEMENTS” AND MEMBERS-ONLY DRAWINGS

Can the credit union “enhance” the Saver’s Sweepstakes statewide prizes our members win?

Yes, at the credit union’s option. For example, a credit union could offer to double a statewide drawing prize if its member wins. That could be an ongoing offer, or you could limit it to specific drawings. It’s up to you.

The credit union is solely responsible for distributing any “enhanced” prize money and establishing any rules or restrictions. The chance to win an enhanced prize should be announced in advance. Marketing materials should clearly explain the credit union’s offer and point out any rules or restrictions, to avoid conflicts with members.

Can Saver’s Sweepstakes conduct members-only drawings for the credit union?

Yes, at the credit union’s option. The League will facilitate additional Saver’s Sweepstakes members-only drawings for your credit union.

The League’s Sample Saver’s Sweepstakes Policy includes a section for credit unions to document whether they will or will not offer members-only drawings, how frequently (monthly, quarterly, and or annually) and in what amount(s).

To conduct members-only drawings, the credit union must inform the League about the start date and the amount(s) of members-only drawings. To do this, the credit union must complete a Members-Only Drawing Election Form, available in The League’s online [Saver’s Sweepstakes Resource Center](#), and provide it to The League’s Saver’s Sweepstakes Project Manager at least 45 days before the 1st of the month in which the members-only drawing is to begin.

TruLync conducts members-only drawings at the same time as the Saver’s Sweepstakes statewide drawings, and reports of winners are provided in the same way.

Credit unions have the option to hold monthly, quarterly, and/or grand prize (annual) drawing(s), but there are some parameters: Monthly prizes must be of equal value, but the credit union can choose that prize amount and the number of winners it will have. Same with quarterly prizes: Choose how many winners you will have, but they all need to win the same prize amount. (You can’t have a first-place winner of \$100 and a second-place winner of \$50, for example.)

Any annual or grand prize drawing will select just one winner, but again, the credit union can choose the amount it will offer.

Are there restrictions on how the credit union publicizes “enhanced” prizes and members-only prizes?

Yes. It’s important to remember that all of the credit unions participating in the Saver’s Sweepstakes program benefit from consistent marketing of statewide prize pools, which are equally available to Saver’s Sweepstakes account holders in all participating credit unions.

No one should give the appearance that Saver’s Sweepstakes statewide prizes are larger in some credit unions than others. For that reason, the Saver’s Sweepstakes Credit Union Participation Agreement your credit union signed requires that in all Saver’s Sweepstakes marketing and promotional materials and announcements, the credit union must distinguish statewide Saver’s Sweepstakes prizes from any credit union “enhancements” and from any credit union members-only prize winnings.

Suppose your credit union has offered to double any statewide drawing prize one of your members wins. You can absolutely market the chance for “enhanced” prizes to your members. However, your press releases or promotional pieces must make it clear that someone can win, e.g., \$100 from the statewide Saver’s Sweepstakes drawing *and* another \$100 from the credit union directly. If you simply publicize that your members could win \$200, consumers may be confused when another credit union announces that its winner only got \$100, and that’s not fair to other participating credit unions.

SAVER’S SWEEPSTAKES MARKETING

Does each credit union market its own Saver’s Sweepstakes accounts?

Yes. The League provides marketing resources for all participating credit unions in the online Saver’s Sweepstakes Resources Center, but each credit union has freedom to market the Saver’s Sweepstakes program and publicize its winners largely as it sees fit – subject to some requirements and restrictions on marketing, as discussed in the following FAQs.

Does the credit union have to use the name “Saver’s Sweepstakes®” and the program’s logo?

Yes. The credit union is required to use the League Saver’s Sweepstakes® program name, brand, logo and design standards (which are spelled out in the “Style Guide,” available in the online Resource Center) in conjunction with any and all marketing materials created and used to promote your Saver’s Sweepstakes accounts.



Where can the credit union find Saver’s Sweepstakes logo/graphics and specifications for their use?

Saver’s Sweepstakes graphics, as well as Logo Guidelines, are available in the online *Saver’s Sweepstakes Resource Center*. Every participating credit union must follow all of the procedures, instructions, and specifications in those guidelines.

Does the Saver’s Sweepstakes name/logo have to be prominent in our marketing & other materials?

Yes – for the statewide Saver’s Sweepstakes drawings *and* for any “enhanced” prizes *and* for any credit union members-only drawings.

All of the credit unions participating in the Saver’s Sweepstakes program benefit from consistent, statewide use of the Saver’s Sweepstakes trademarked name and its logo. For that reason, the Saver’s Sweepstakes Credit Union Participation Agreement that your credit union signed when it joined the program says:

Credit Union agrees that all of its Saver’s Sweepstakes marketing and promotional materials, announcements, account agreements & disclosures, web pages, and other materials related to Saver’s Sweepstakes – including those that relate to statewide prize drawings, any Credit Union members-only drawings, and any Credit Union enhancements of statewide prizes awarded to its members – will prominently feature the Saver’s Sweepstakes Marks [meaning the trademarked Saver’s Sweepstakes name, logo, branding, etc.]. Credit Union will not combine the Saver’s Sweepstakes Marks with any other feature including other logos, words, symbols, graphics, photos, slogans, numbers, or design features, other than to add the Credit Union’s name, which may not be more prominent than the Saver’s Sweepstakes Marks.

Can the credit union modify the Saver’s Sweepstakes name or logo, e.g., by adding the credit union’s name?

The quoted contract language in the previous FAQ says that the credit union can add its name to the Saver’s Sweepstakes name or logo, so long as that name is not more prominent. Beyond that, a credit union cannot combine the Saver’s Sweepstakes name or logo with other symbols, graphics, words, etc.

For details, please refer to the Saver’s Sweepstakes Logo Guidelines, which are available in the online *Saver’s Sweepstakes Resource Center*. Every participating credit union must follow all of the procedures, instructions, and specifications in the guidelines.

Does the credit union need to add the ® symbol after Saver’s Sweepstakes?

Yes, at least the first time the “Saver’s Sweepstakes” name is used in each marketing piece or document.

The League has trademarked the name “Saver’s Sweepstakes.” To help protect The League’s rights in that name, it’s important to use the ® symbol. This helps to notify the public of our claims of branding rights in the Saver’s Sweepstakes name and dissuade others from using the same or similar name. You don’t have to use the symbol every time the name appears. Instead, in written documents – articles, press releases, promotional materials, and the like – it is only necessary to use a symbol either the first time the name appears or with the most prominent placement of the name.

Can the credit union publicize the names or photos of our Saver’s Sweepstakes prize winners?

Yes (but not the full last name).

By signing a Saver’s Sweepstakes Account Agreement, each account holder has expressly agreed to a “Publicity” clause, which says that the credit union and The 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 the consent section at the end of the Saver’s Sweepstakes Account Agreement. That consent specifically says that it includes the Publicity clause.

Do any special marketing requirements apply to “enhanced” prizes and members-only prize drawings?

Yes. An FAQ in the previous section addresses this. It explains why The League requires that in all Saver’s Sweepstakes marketing and promotional materials and announcements, the credit union must distinguish statewide Saver’s Sweepstakes prizes from any credit union “enhancements” and from any credit union members-only prize winnings.

Does the credit union have to follow state or federal advertising rules?

Yes. Marketing for Saver’s Sweepstakes accounts is subject to the same advertising rules as marketing for any other deposit account. For example, the credit union must follow Truth in Savings advertising requirements; it cannot make misleading or inaccurate claims; and it must indicate that accounts are NCUA-insured by displaying one of the NCUA “official advertising statements.” For details, see The League’s *ii Release No. 0124 – “Advertising Compliance Checklist.”* Wisconsin’s Saver’s Sweepstakes statutes do not impose any special advertising requirements. The League recommends that credit unions at least refer to their Saver’s Sweepstakes terms and conditions, for example, by asking people to contact the credit union or visit its website for more information.

COMMONWEALTH RESEARCH & SURVEY

What is Commonwealth?

Commonwealth is a national non-profit organization that researches prize-linked savings programs and their impact on consumer savings. The League has agreed to provide information to Commonwealth about Saver’s Sweepstakes and its participants, and so we have authorized TruLync to share some data with Commonwealth. No personally identifiable member information is shared.

Why is The League working with Commonwealth?

The League wants to help Commonwealth study information about prize-linked savings programs and the savings habits of consumers. Commonwealth’s research has provided evidence on the impact of prize-linked savings programs on helping financially vulnerable consumers try savings products and build reserves. It’s also shown that consumers are building financial confidence and improving their financial decision-making across products and improving their overall financial health. Participants attribute this change to their access and continued use of their prize-linked savings accounts, like the Saver’s Sweepstakes program.

Does the credit union have to give the Commonwealth survey to account holders?

Please do. The League requests that your credit union give a brief Saver’s Sweepstakes survey to all members at account opening. Commonwealth provides the survey in both electronic and paper forms. Commonwealth will have direct access to electronic survey responses. If your credit union offers paper versions of the survey to members, it will be responsible for aggregating survey responses into electronic form and sharing them with Commonwealth annually.

Does the credit union have to ensure that all Saver’s Sweepstakes account holders complete the survey?

No, but please encourage them to complete it. The more data Commonwealth can collect, the more productive its research efforts will be. However, you cannot require completion of the survey as a condition of opening a Saver’s Sweepstakes account.

DEATH & SAVER’S SWEEPSTAKES ACCOUNTS

What if the primary account holder dies?

Under the terms of the Saver’s Sweepstakes Account Agreement, if the primary account holder dies, the account is immediately disqualified from eligibility in Saver’s Sweepstakes drawings held on or after the date of death and will be considered an ordinary savings account. Funds remaining in the account pass according to the applicable terms of the account and applicable state law. The League’s *ii Release No. 0004 – “Release of Decedents’ Accounts”* – explains what happens to the funds in an account upon an owner’s death.

Keep in mind that a credit union is to treat as the Saver’s Sweepstakes primary account holder the *minor* under a custodial account, the *principal* on an account with a POA, or the *ward* who is under a guardianship or conservatorship. If those individuals die, the account is immediately disqualified from eligibility in Saver’s Sweepstakes drawings held on or after the date of death and will be considered an ordinary savings account. Funds remaining in the account pass according to the applicable terms of the account and applicable state law.

Surviving joint account holders become the accounts’ owners, but it should not automatically continue to be treated as a Saver’s Sweepstakes account. A surviving joint account holder would have to sign a new Saver’s Sweepstakes Account Agreement, if eligible in their own right, in order to become the primary account holder and eligible to earn entries for upcoming prize drawings.

What if a joint account holder dies?

If a joint account holder dies, the primary account holder continues to hold the account as a Saver’s Sweepstakes account, and he/she can continue to earn entries for drawings. As with any other joint account, the death of a joint account holder means that any other surviving account holders continue to own it. See The League’s *ii Release No. 0004 – “Release of Decedents’ Accounts”* – for details.

What if a UTMA custodian for a minor, a POA agent or a guardian/conservator dies after opening a Saver’s Sweepstakes account?

Those individuals merely represent the primary account holder. They may have signed the account agreement forms, but they are not the actual owners of the account. Their deaths should not impact the primary account holder’s eligibility for prize drawings, since the actual owner of the funds in the account – meaning the minor under the custodial account, the POA principal, or the ward who is under guardianship or conservatorship – is still alive and still eligible to win prizes.

In many cases, a successor custodian, a successor POA agent, or a successor guardian/conservator will take over the duties after a death and handle the account. For information to help you understand what to do when a UTMA custodian, POA agent, guardian, or conservator dies, please review:

- *ii Release No. 0012 – “Custodial Accounts under UTMA & Services for Minors”*;
- *ii Release No. 0168 – “Powers of Attorney”*; and
- *ii Release No. 0173 – “Guardianship.”*

If the person who dies is actually the *minor* under a custodial account, the POA *principal*, or the *ward* who is under guardianship or conservatorship, please see the first FAQ in this section, “What if the primary account holder dies?”

OTHER SAVER’S SWEEPSTAKES COMPLIANCE ISSUES

Can garnishments or levies reach Saver’s Sweepstakes account funds?

Yes. Garnishments and levies generally can reach any account balances that the named debtor owns, and that includes Saver’s Sweepstakes accounts. For details, see The League’s *ii Release No. 0136 – “Notice of Levy”* and *ii Release No. 0179 – “Non-Earnings Garnishment.”*

Can the credit union set off against Saver’s Sweepstakes accounts?

Yes, but whether set off is available in a specific situation will depend upon the account agreement, loan documents, and the particular circumstances. For guidance on when a credit union can or cannot setoff to collect on a debt, please see The League’s *ii Release No. B013 – “Credit Union Setoff Checklist.”*

Can the credit union deny drawing entries to members who are not in “good standing”?

No, for two reasons:

- First, lack of “good standing” is no longer a valid reason to take any action against a Wisconsin credit union member. Before 2017, Wisconsin’s Model Bylaws for credit unions said that only a “member in good standing” could 1) receive notice of membership meetings, 2) vote, 3) serve as a director, or 4) hold credit union accounts. In 2017, the Model Bylaws were revised to eliminate the “member in good standing” section. This was done, in part, because Wisconsin’s credit union statutes – Ch. 186 of the Wisconsin Statutes – do not use the term “member in good standing.” There is no sound legal basis for creating a second “class” of members who are not in “good standing.” Someone is either a credit union member or not. See The League’s *ii Release No. 0183 – “Denial of Services”* – for more information.
- Second, credit unions can have policies to deny services to members, for example, when a member causes a loss. Denial of services can include account closure (though the membership share account should not be closed unless the credit union actually expels the member.) Account closure is discussed in the next FAQ, and The League’s *ii Release No. 0183 – “Denial of Services”* – has details. That being said, as long as the Saver’s Sweepstakes account remains open, the credit union should not deny entries to the primary account holder – even if he/she has caused the credit union a loss. Closing the account may be an option, but withholding entries your member has earned toward drawings is not.

Can the credit union close Saver’s Sweepstakes accounts or expel the account holder from membership?

Yes. The credit union has the right to close a Saver’s Sweepstakes account, just as it would have a right to close any other savings account. The Saver’s Sweepstakes Account Agreement that account holders must sign says that if an account is closed, the primary account holder is ineligible to open another Saver’s Sweepstakes account for a period of 90 days.

A credit union can also expel a person from membership; the fact that the member has a Saver’s Sweepstakes account does not change that.

However, before closing accounts or pursuing expulsion, the credit union should carefully review The League’s *ii Release No. 0183 – “Denial of Services.”* For example, it explains that various regulations may require notices and/or waiting periods before a credit union can close a member’s account(s), depending on the type of account and the services tied to it. It also explains the expulsion process.

What happens to a member’s prize entries if their Saver’s Sweepstakes account is closed?

Entries already earned are lost. The Saver’s Sweepstakes Account Agreement that account holders must sign says:

If the Account is closed, the primary Account holder is disqualified from prize drawings and forfeits entries earned up until Account closure. The primary Account holder will be ineligible to open another Saver’s Sweepstakes account for ninety (90) days.

What happens to the funds in a closed Saver’s Sweepstakes account?

As with the closure of any other savings account, the credit union should distribute the funds to the account’s owner(s). For example, this could be done directly, such as by mailing a check to the primary account holder. The check should be jointly payable to all owners on the Saver’s Sweepstakes account, with the names conjoined by “and.”

What if two Saver’s Sweepstakes participating credit unions merge?

Check the terms of the Saver’s Sweepstakes Credit Union Participation Agreement, which credit unions sign to join the program. It addresses mergers. To summarize, it says that 1) if the surviving credit union is not a League member, it will have to terminate participation in the Saver’s Sweepstakes program; 2) if two participating credit unions merge, and the surviving credit union will continue to participate in Saver’s Sweepstakes, then “it will be solely responsible for ensuring that no member is the primary holder of multiple Saver’s Sweepstakes accounts.”

Are Saver’s Sweepstakes accounts or prizes subject to unclaimed property laws?

Yes. Each credit union is responsible for reporting any unclaimed prizes awarded to its members or for any unclaimed Saver’s Sweepstakes accounts. For details, see The League’s *ii Release No. 0007 – “Uniform Disposition of Unclaimed Property Act.”*

Are Saver’s Sweepstakes accounts subject to Wisconsin data match programs?

Yes. All financial institutions doing business in Wisconsin – including federal and state credit unions – must participate in several data matching programs to compare their account holders’ information to lists of people identified by the state. The programs help the state to recover delinquent child support and unpaid taxes, to recover certain unemployment insurance payments, to determine eligibility for Medicaid, and to determine the insured status of people entitled to Medicare benefits. Saver’s Sweepstakes accounts are not exempt from these data match requirements. For details, see The League’s *ii Release No. 0151 – “Data Match Programs.”*

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 (for example, a 1099-INT for dividends/interest that total \$10 or more in a year, and a 1099-MISC for prizes that total \$600 or more in a year).

The Saver’s Sweepstakes Account Agreement says that winners (the primary account holders whose taxpayer identification numbers are used for reporting the earnings on the Saver’s Sweepstakes accounts are reported) are solely responsible for all applicable federal, state and local taxes.

Does the credit union have to send periodic statements on Saver’s Sweepstakes accounts?

The same rules that require statements on other share savings accounts apply to Saver’s Sweepstakes accounts, including:

- *Reg. E - Electronic Fund Transfers.* “For an account to or from which electronic fund transfers can be made, a financial institution shall send a periodic statement for each monthly cycle in which an electronic fund transfer has occurred; and shall send a periodic statement at least quarterly if no transfer has occurred.” See The League’s *ii Release 0120 – Reg. E - Electronic Fund Transfers* – for details.
- *Truth in Savings.* No statements are required under Truth in Savings rules, but if they are provided four or more times per year for accounts other than term share accounts, then the statements must follow certain requirements. See The League’s *ii Release 0101 – “Truth in Savings.”*
- *Checking accounts.* Monthly statements are a practical necessity to help the accountholder detect fraud and thus reduce credit union liability, but no specific regulation requires them.
- *Model Bylaws.* The Wisconsin Model Bylaws for credit unions require a statement of account at least semiannually, unless there was no activity. In that case, the statement is still required annually.

How long should the credit union retain Saver’s Sweepstakes records?

The Saver’s Sweepstakes Credit Union Participation Agreement, which credit unions sign to join the program, requires participating credit unions to “retain records of payments to its winners for at least five years.”

Other Saver’s Sweepstakes account documentation (agreements, statements, copies of disclosures, notices, and so on) should be retained for the same time period(s) as the credit union retains similar documents on its other accounts. State and federal laws do not have extra or special record retention requirements just for prize-linked savings accounts.

Under the federal Deceptive Mail Prevention and Enforcement Act (*39 U.S.C. Ch. 30*), which is discussed in an earlier FAQ, sweepstakes promoters must give consumers a reasonable way to request removal of their names from mailing lists. Marketers must maintain a record of all “stop mail” requests and suppress the names for 5 years.

How can a credit union end its participation in Saver’s Sweepstakes?

A credit union can end its participation in the Saver’s Sweepstakes program by notifying The League 60 days in advance. *Jennifer Esser*, The League’s Director of Councils & Networks, is The League’s Project Manager for Saver’s Sweepstakes. Any notice regarding Saver’s Sweepstakes should be directed to her.

The Participation Agreement that the credit union signed to join the program addresses termination. It includes these provisions, but please refer to the agreement itself for details:

- The credit union is responsible for rolling over any remaining balances from existing Saver’s Sweepstakes accounts into the primary account holder’s membership share account or converting Saver’s Sweepstakes accounts into other appropriate, similar savings accounts for its participating members, and for notifying members accordingly.
- Any entries earned by participating members will become ineligible after the next successive drawing that occurs after written notice is received.
- Upon leaving the program, the credit union must immediately destroy or return to the League, at the League’s request, any and all proprietary information, including but not limited to all guides, policies, procedures, technology, and marketing materials provided to it by the League related to the Saver’s Sweepstakes program. The credit union can keep one copy for legal and accounting purposes only.
- No fees that the credit union has paid to The League, including prize pool contributions, the enrollment fee, and annual administrative fee(s), are refundable upon termination.

INDEX ALL FAQs

Introduction	1
Executive Summary	1
The basics	1
What is Saver’s Sweepstakes?	1
Could my credit union design its own prize-linked savings program?	2
Does our board need to adopt a Saver’s Sweepstakes policy?	2
Should staff be trained about Saver’s Sweepstakes accounts?	2
What if these FAQs don’t address my compliance questions?	2
Where can my credit union find Saver’s Sweepstakes resources?	2
Who’s who	2
How is Saver’s Sweepstakes related to the Minnesota Credit Union Network’s WINcentive™ prize-linked savings program?	2
What is TruLync?	3
What is Commonwealth?	3
Who is the League’s Saver’s Sweepstakes Project Manager?	3
Does our credit union need to name its own Saver’s Sweepstakes Project Manager?	3
State & federal laws	3
Does Wisconsin law allow Saver’s Sweepstakes?	3
Do Minnesota & Illinois law allow Saver’s Sweepstakes?	4
Do other states allow Saver’s Sweepstakes?	4
Does federal law allow Saver’s Sweepstakes?	4
Does the credit union have to comply with federal law on mailing deceptive sweepstakes materials?	4
Saver’s Sweepstakes eligibility	5
Who is eligible to open Saver’s Sweepstakes accounts?	5
Can only low-income people or non-savers open Saver’s Sweepstakes accounts?	5
Can a business or a group of any kind hold a Saver’s Sweepstakes account?	6
Can the credit union’s staff, management, or volunteers hold Saver’s Sweepstakes accounts?	6
Can Saver’s Sweepstakes be offered to members residing outside Wisconsin, Minnesota or Illinois?	6
What does it mean to be a “resident” of a state?	6
What if a primary account holder moves out of Wisconsin, Minnesota or Illinois after opening the account?	6
Saver’s Sweepstakes account opening & disclosures	7
Can the Saver’s Sweepstakes account be used as a member’s primary share account?	7
Does the Saver’s Sweepstakes account have to be a savings account?	7
What forms does the credit union need to open Saver’s Sweepstakes accounts?	7
How does Saver’s Sweepstakes affect my credit union’s privacy disclosures?	8
How does Saver’s Sweepstakes affect my credit union’s Truth in Savings disclosures?	8
Can Saver’s Sweepstakes accounts have Payable on Death (POD) beneficiaries? Where are they listed?	9
Multiple Saver’s Sweepstakes accounts	9
Can someone own multiple Saver’s Sweepstakes accounts at our credit union?	9
Can someone own multiple Saver’s Sweepstakes accounts at different credit unions?	9
Can members of the same family or household each have their own Saver’s Sweepstakes accounts?	9
Saver’s Sweepstakes joint accounts	9
Can a Saver’s Sweepstakes account have joint owners?	9
Can joint account holders make deposits or withdrawals on Saver’s Sweepstakes accounts?	10
Who wins the prize if the Saver’s Sweepstakes account is jointly owned?	10
Can a non-member be a joint account holder on a Saver’s Sweepstakes account?	10
Can a non-member be the primary account holder on a Saver’s Sweepstakes account?	10
Saver’s Sweepstakes accounts for minors	11
Can minors participate in Saver’s Sweepstakes?	11
When is a parent’s or legal guardian’s consent needed for a minor?	11
How do parents & legal guardians consent to a minor’s Saver’s Sweepstakes account?	11
Does a parent’s or legal guardian’s consent allow the credit union to publicize the name or photo of a minor who wins?	11
How are Saver’s Sweepstakes custodial accounts handled?	11
How are prizes disbursed to minors who win?	12
What should be done with a minor’s Saver’s Sweepstakes account when he/she turns 18?	12

POAs, guardians & representative payees	12
Can a POA agent, guardian, or conservator open a Saver’s Sweepstakes account for a member?	12
Can representative payees open Saver’s Sweepstakes accounts?	13
Rates, fees & transaction limits.....	13
What interest/dividend rate should be paid on Saver’s Sweepstakes accounts?.....	13
Are there caps on deposits to Saver’s Sweepstakes accounts?	13
Can the credit union charge fees on Saver’s Sweepstakes accounts?.....	13
Are there early withdrawal penalties for Saver’s Sweepstakes accounts?	13
What’s the 12-month “savings period?”	14
Saver’s Sweepstakes data uploads	14
How does the credit union submit names for the drawing?	14
What if the credit union misses the deadline to upload data for a drawing?	14
What steps does TruLync take to protect member data that the credit union submits?	14
Saver’s Sweepstakes prize drawings.....	14
Where does Saver’s Sweepstakes statewide prize money come from?.....	14
How often are Saver’s Sweepstakes prizes awarded?	15
When are winner’s names drawn?	15
How do members earn entries for drawings?	15
Do deposits have to be in \$25 increments?	15
Is there a cap on how many entries members can earn for each drawing?	15
How do withdrawals affect a member’s drawing entries?	15
What are the odds of winning?	15
How often can someone win?	15
How big are the Saver’s Sweepstakes prizes?	16
How are winners selected?	16
Is there any guaranty that one of my credit union’s members will win?.....	16
Does the credit union have to verify that our account holders and winners are eligible?	16
How does the credit union know who’s won?	16
How are prizes disbursed?	16
Credit union prize “enhancements” and members-only drawings	17
Can the credit union “enhance” the Saver’s Sweepstakes statewide prizes our members win?.....	17
Can Saver’s Sweepstakes conduct members-only drawings for the credit union?	17
Are there restrictions on how the credit union publicizes “enhanced” prizes and members-only prizes?	17
Saver’s Sweepstakes marketing	18
Does each credit union market its own Saver’s Sweepstakes accounts?.....	18
Does the credit union have to use the name “Saver’s Sweepstakes®” and the program’s logo?	18
Where can the credit union find Saver’s Sweepstakes logo/graphics and specifications for their use?	18
Does the Saver’s Sweepstakes name/logo have to be prominent in our marketing & other materials?	18
Can the credit union modify the Saver’s Sweepstakes name or logo, e.g., by adding the credit union’s name?	18
Does the credit union need to add the ® symbol after Saver’s Sweepstakes?	18
Can the credit union publicize the names or photos of our Saver’s Sweepstakes prize winners?	19
Do any special marketing requirements apply to “enhanced” prizes and members-only prize drawings?	19
Does the credit union have to follow state or federal advertising rules?.....	19
Commonwealth research & survey.....	19
What is Commonwealth?	19
Why is The League working with Commonwealth?	19
Does the credit union have to give the Commonwealth survey to account holders?	19
Does the credit union have to ensure that all Saver’s Sweepstakes account holders complete the survey?	19
Death & Saver’s Sweepstakes accounts.....	20
What if the primary account holder dies?	20
What if a joint account holder dies?	20
What if a UTMA custodian for a minor, a POA agent or a guardian/conservator dies after opening a Saver’s Sweepstakes account?.....	20
Other Saver’s Sweepstakes compliance issues.....	20
Can garnishments or levies reach Saver’s Sweepstakes account funds?	20
Can the credit union set off against Saver’s Sweepstakes accounts?	20
Can the credit union deny drawing entries to members who are not in “good standing”?.....	21
Can the credit union close Saver’s Sweepstakes accounts or expel the account holder from membership?	21
What happens to a member’s prize entries if their Saver’s Sweepstakes account is closed?	21
What happens to the funds in a closed Saver’s Sweepstakes account?	21
What if two Saver’s Sweepstakes participating credit unions merge?.....	21
Are Saver’s Sweepstakes accounts or prizes subject to unclaimed property laws?.....	21
Are Saver’s Sweepstakes accounts subject to Wisconsin data match programs?.....	22
Does the credit union have to report prizes and interest/dividends to the IRS or state tax authorities?	22
Does the credit union have to send periodic statements on Saver’s Sweepstakes accounts?	22
How long should the credit union retain Saver’s Sweepstakes records?	22
How can a credit union end its participation in Saver’s Sweepstakes?	22
Index all FAQs	23



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Legal Affairs Department

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