

**Date:** March 10, 2016

**To:** Rep. Scott Schwab, Chairman  
House Insurance & Financial Institutions Committee

**From:** Stephanie Mullholland, Director of State Legislative Affairs

**Re:** Support for Senate Bill 387

Mr. Chairman and Members of the Committee,

Thank you for the opportunity to testify in support of Senate Bill 387. The Heartland Credit Union Association serves credit unions in both Kansas and Missouri. Our 88 Kansas member credit unions are not-for-profit, member-owned financial cooperatives. Collectively, Kansas credit unions serve more than 654,000 members/owners operating under a mission of “people helping people.”

#### **Private-Market Solution to Increasing Financial Stability**

Savings accounts are one of the most basic asset-accumulation tools for consumers. Without an active savings account, households hit many barriers to managing personal debt and increasing their own financial stability. In Kansas, almost one-third of households do not have a savings account. Many others do not have adequate emergency funds in their savings accounts to fall back on in case of an illness, job loss or other unplanned financial need. In part, this data indicates a demand in the market – now more than ever – for financial institutions to offer more innovative products. Savings Promotions Programs are a safe, market-driven way that the financial services industry can help incentivize consumers to establish a savings plan.

#### **Proven Success in Other States**

Savings Promotions Programs have proven successful at helping consumers in other states to establish personal savings and build greater financial stability. The programs were first developed by credit unions in 2008. There are now 16 states that allow financial institutions to offer Savings Promotions Programs. Through the most widely-used program, called Save to Win, consumers have collectively saved more than \$115.8 million into their personal savings accounts between 2009 and 2014.

#### **Risk-Free with Opportunity for Reward**

Savings Promotions Programs do not require any use of tax dollars. The products are funded by the participating financial institutions. Savings Promotion Programs also do not put consumers’ savings at risk. These are safe, regulated financial products – just like a regular savings account – but with the added feature of the prize drawings. Accountholders who opt to participate in a Savings Promotion Program always retain their savings and earn interest on their deposits, even if they do not win a prize. The money saved in their account belongs to them and is never placed at risk.

We appreciate your consideration of SB 387, which we believe is a safe and innovative way to encourage savings and financial stability for many Kansas consumers.