



**Hearing Before: House Committee On Business and Labor**  
**HB 2893 - Relating to savings promotion raffles; declaring an emergency.**  
**Position: Favorable**

March 16, 2015

Honorable Chair Holvey and members of the House Committee On Business and Labor:

The Doorways to Dreams Fund (D2D Fund) is a national non-profit that strengthens the financial opportunity and security of financially vulnerable consumers by discovering ideas, designing solutions, pilot testing and evaluating designs, and driving innovations to scale. With over ten years' experience in this area, D2D Fund has worked with federal, state, and local governments, large financial institutions, national and local corporations, and a range of non-profit providers to achieve our goals.

Savings has always been a fundamental building block of the American dream, remaining an integral part of homeownership, entrepreneurship, and retirement. But, for many, the Americans, that dream is slipping more and more out of reach—for nearly three decades, the personal savings rate in the United States has been declining, most recently sitting at 4.4%. The Corporation for Enterprise Development (CFED)'s 2013 Assets and Opportunity Scorecard found that 43.8% of American families, 132.1 million people, do not have a basic savings safety net, and, according to the Federal Reserve's 2010 Survey of Consumer Finances, the majority of Americans average savings of less than \$3,000. Households of color fare even worse, with nearly two out of three considered "liquid asset poor." The time is right for the US to return to a saving culture, both to shore up households' finances and to equalize opportunities for all Americans.

Prize-linked savings products have proven to engage financially vulnerable consumers in the act of saving and help them build their financial security. By injecting fun and the excitement of winning into the act of savings, prize-linked savings products have incentivized first time savers, resulted in long-term savings, and acquired new customers for financial service firms who offer these products. Save to Win, the nation's first large-scale prize-linked savings product, has engaged over 50,000 accountholders who have saved over \$90 million since the product's introduction in 2009. Over 60% of Save to Win accountholders are financially vulnerable and the product's account roll-over rate is impressive at approximately 80%.

As evidenced, prize-linked savings accounts are a tested, successful concept in which consumers earn chances to win by saving in insured financial institutions or through government offered products. The accounts:

- Make savings fun.
- Provide an incentive for people to save more.
- Help financially vulnerable families become more financially secure.

- Create a no-lose proposition for savers. Everyone who saves maintains their deposits, plus whatever interest they accrue, whether or not they win additional prizes.

Allowing Oregon financial institutions the ability to offer these programs could ultimately help more families across the state start saving for their futures and produce a more secure and strong state overall, without need for public subsidies, tax credits or other public expenditures. While D2D Fund is focused on promoting saving for low- to moderate- income residents, a key benefit to prize-linked savings is that it will be accessible to all residents of Oregon, regardless of income.

We urge a favorable consideration on HB 2893.

Respectfully submitted,



Timothy Flacke  
Executive Director, Doorways to Dreams Fund