ECONOMIC SECURITY REQUIRES BOTH INCOME AND ASSETS

Children’s Savings Accounts (CSA) – INFRASTRUCTURE

Key CSA Principles
• Eligibility for all
• Automatic Enrollment
• Start Young
• Targeted Additional Deposits
• Centralized Savings Plan
• Investment Growth
• Simplified Investment Options

Guaranteed Income – LAUNCH PAD

Income Volatility 1.5X
less income volatility

Find Full-Time Employment 12%
increase in full-time employment from 2019-2020 from 28% to 40%

Also improves emotional health and reduced financial scarcity
Income acts as a launch pad. It cannot propel kids into the future but is necessary if they are ever to launch from where they started in life.

Ongoing Deposits (Assets) – PROPELLANT

A $1 increase translates to a $5 increase in wealth for Whites, but only a 70¢ increase in wealth for Black families

However, when Black families start off with similar levels of assets, they have a return of $4.03

Baby Bonds Proposals reduce Black/White wealth gap from about 15.9X to 1.4X

Americans who move from the bottom of the income ladder had 6X higher median liquid savings, 8X higher median wealth, and 21X higher median home equity than those who remained at the bottom.

Assets are the engine that propels children up the economic ladder and into the future. Assets allow children to think about and act today with their future selves as their goal.

What makes CSAs the ideal vehicle for combining income and asset approaches to alleviating poverty is their ability to complement efforts to reduce inequality in early education, facilitate college completion, and improve post-college financial health.

Produced by the Center on Assets, Education, and Inclusion (AEDI). For additional information go to https://aedi.ssw.umich.edu/launch