# CHILDREN'S SAVINGS ACCOUNTS

Children's Savings Accounts (CSAs) are long-term asset development accounts, most often directed toward post-secondary education and training expenses. Accounts are opened at a universal enrollment point with an initial public or philanthropic seed investment. Over time, balances grow through private deposits and additional savings matches or behavior-based incentives.

## CORE GOALS:

1. **Increase college completion.** Children with dedicated college savings are four times more likely to complete a degree by age 26.
2. **Improve financial capability.** When children receive financial education and practice positive savings behavior, they develop the skills they need for long-term financial capability as adults.
3. **Root future college-bound identity in current behavior.** Saving for college today is a tangible way to prepare for attending college in the future and may help children connect current academic engagement with a future identity dependent on post-secondary success.
4. **Bring parents into the financial mainstream.** Automatically opting children into CSAs provides parents a platform to begin saving, possibly leading to their own account ownership and take-up of supports such as free financial coaching.
5. **Leverage multiple forms of investment in post-secondary education for the future workforce.** CSAs provide a universal platform for post-secondary education savings that private, philanthropic and public investors can link to over time.

**Low Income Student College Graduation Rate:**

| 7% | 33% |
|---|---|
| those without a college savings account | those with a college savings account |

Source: Building Expectations, Delivering Results: Asset-based Financial Aid and the Future of Higher Education. (2013) The University of Kansas School of Social Welfare, Assets & Education Initiative.

## MODEL COMPONENTS:

- Universal
- Automatic enrollment
- Scaled to target population
- Seeded with initial public or philanthropic dollars
- Savings Matches and Incentives
- Barrier-free contributions through multiple deposit options (cash, direct deposit, ACH transfer, etc.)
- Restricted to long-term asset development

MCFE Michigan Communities for Financial Empowerment
CEDAM Community Economic Development Association of Michigan

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