Children’s Savings Accounts
Building Promise & Prosperity in Illinois

WHAT IF EVERY ILLINOIS CHILD HAD A COLLEGE SAVINGS ACCOUNT?

Big Dreams – Children are 6 times more likely to attend college if they know someone is saving for their future & supporting their dreams.

Big Opportunities – A college degree gives a young person more opportunities to build wealth over a lifetime and contribute to their community as a whole.

Brighter Futures – Increased access to college savings will result in higher levels of college completion, a more competitive workforce, and stronger financial stability for Illinois residents.

Illinois residents are in need of better opportunities to save for the future as evidenced by high asset poverty rates, rising cost of post-secondary education, low educational attainment, and the growing inequality that we see throughout our communities. Children’s Savings Accounts (CSAs) hold enormous potential to bring opportunity and security to Illinois families. With a CSA provided at birth, every child will start off on the right foot. The Illinois Children’s Savings Account Task Force recommended the following components of a CSA program to benefit the children and families of our state:

The Savings Account Model

- **Savings Platform:** The 529 College Savings Plan Platform (Bright Start) should be the savings infrastructure. The 529 account structure would provide a secure, tax-advantaged way to help pay for post-secondary education.
- **Account Ownership:** Each CSA should be owned and operated by a third-party or public entity with the child as the beneficiary.
- **Initial Deposit:** Every CSA should be seeded with an initial public deposit that varies depending on family income. This will provide a savings infrastructure, promote future savings, and create positive aspirations.
- **Investment Strategy:** A balanced, aged-based investment strategy should be employed.

Eligibility & Use of Funds

A CSA should automatically be opened at birth for every child born to Illinois residents at the time of the child’s birth. The public funds that are saved in the account could only be used for post-secondary education purposes as defined by Section 529 of the IRS Code. For children with disabilities who cannot participate in post-secondary education or training, account funds could be used for purposes other than post-secondary education such as rehabilitation, assistive technology and other uses that might be more suitable.

Incentivized Savings

After the initial deposit, a targeted matched-savings component should be implemented to encourage savings among lower-income families. Furthermore, CSAs should be excluded from all asset tests associated with public benefits programs.

Financial Education

Additional investment in financial education programming that highlights CSA should be integrated into school curricula for children and youth.

Illinois Asset Building Group (IABG)

IABG is a diverse statewide coalition invested in building the stability and strength of Illinois communities through increased asset ownership and asset protection. IABG was instrumental in forming the CSA Task Force and is committed to seeing the establishment of CSAs for every child in Illinois. Learn More about IABG: [www.illinoisassetbuilding.org](http://www.illinoisassetbuilding.org)