

Lessons from Research: What's the Impact of Child Accounts?

Federal Reserve Bank of St. Louis

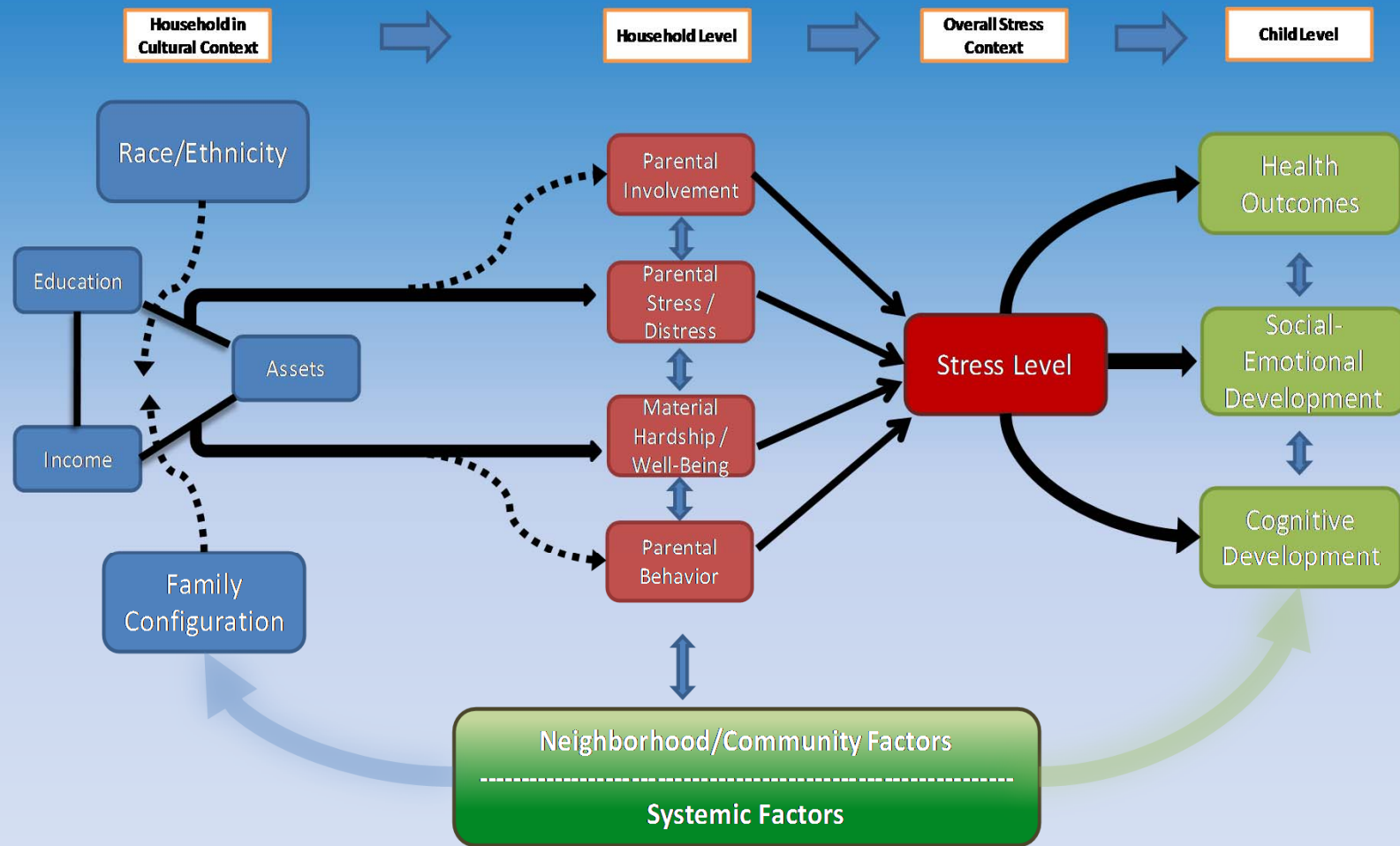
“529S AND CHILD SAVINGS ACCOUNTS: NEW STRATEGIES TO PROMOTE SAVINGS AND DEVELOPMENT FOR AMERICA’S CHILDREN ”

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Figure 1: General Overarching Framework



Shanks, T.R. & Robinson, C. (2013). *Assets, economic opportunity and toxic stress: A framework for understanding child and educational outcomes. Economics of Education Review*

Implications of CDAs for child outcomes

- CDAs are a potential way to equalize opportunity and help encourage early planning and conversation about college and other long-term goals for a wider range of households.
- When done well, CDAs might accomplish multiple goals:
 - *Increase educational expectations and eventually attainment; increase financial awareness and eventually capability; increase hope and other socio-emotional outcomes, provide a tangible benefit of citizenship or membership.*
- CDAs are a long-term policy instrument. As programs are started, it may be beneficial to consider age-appropriate supports and incentives across time.

Implications for CDA programs

- Targeted outreach may be necessary for more disadvantaged groups.
- People become distracted. Find ways to frequently remind families about accounts (via mailings and social media; at graduations and parent teacher conferences, identity-based motivation activities)
- Link accounts to trusted people and institutions.
- Consider promoting both saving and non-savings goals.
- Find ways to complement existing local scholarships and educational opportunities.