



FIGHTING *for* PENNSYLVANIA FAMILIES

The 401Kids Savings Act

U.S. Senators Bob Casey, Chuck Schumer, and Ron Wyden

For parents who are kept up at night worrying about how they're going to pay their bills and keep a roof over their heads, it's hard to imagine putting money away for their kid's future. Rising costs of everyday items are making it harder for working families to make ends meet, let alone create wealth and reach for the American Dream. A lack of income means you can't get by, but a lack of wealth means you can't get ahead. Without savings, families don't have a cushion when a job is lost, a health emergency arises, or a car breaks down. It also means that working families have fewer opportunities to start a business, buy a first home, pursue higher education, or build a better life for their children.

It is especially becoming harder for young Americans to build wealth and realize their dreams. In 2019, Over 80 percent of all households headed by an 18- to 24-year-old had less than \$20,000 in financial assets. [Data show](#) that millions of younger Americans are on track to have less wealth than their parents at a similar age—a historic first and cruel reversal of the American Dream. It may be no surprise, then, that student loan balances are growing, and that younger Americans have seen the steepest decline in homeownership over the last two decades, compared to older generations.

American families deserve a way to save not just for their future, but for their children's future. The *401Kids Savings Act* provides families with that opportunity by providing children's savings accounts for every single child in America. Based on local models around the Nation, *401Kids* accounts would be built on state 529 college savings platforms and managed by state Treasurers. Once the accounts are established for all newborns and kids under age 18, families, non-profits, employers, foundations, and others could contribute to a 401Kids Account which, starting at age 18, could be used for post-secondary education and training, a small business, a first home or retirement security. While all families could contribute up to \$2,500 per year to the accounts, only lower- and moderate-incomes families would receive direct federal support.

By providing children's savings accounts to every kid in this country, *401Kids* is a commonsense way to give working families a little bit of cushion to take risks and pursue opportunities to create generational wealth for generations to come.