



## Birthright Trust Fund

### The Challenge

**Research has shown that children from households with assets have better health, education and employment outcomes than their peers from households without assets.**

It takes savings to go to college, learn a trade, buy a home or start a business. Yet for many families, stagnant wages and the rising cost of living deter saving for their children's future.

While government has long enacted policies that encourage people to save and build assets, most of the benefits of such programs go to those who already have substantial wealth. Nationally \$335 billion is spent annually to support home-ownership, retirement, and subsidize education, but the bottom 60% of taxpayers receive less than 5% of the benefit.

Public policies must be advanced to help build financial resources early on for all children because assets provide an orientation toward the future and a foundation for children's success.

### The Solution

**Create a Birthright Trust Fund (BTF) account to give every child a financial stake in his or her future.** At birth, an investment would be seeded with a modest government contribution. Additional contributions would be made for children in low-income families. Parents, relatives, religious organizations, charities and children themselves could make contributions to this account, but withdrawals would not be permitted until the child turns 18. The accounts would also encourage the teaching of financial literacy in schools and community-based organizations, as saving and investing become part of every child's life.

**At age 18, the funds would become available to each account holder to pay for college or technical school tuition, start a business, arrange a down payment on a home, or make other investments that promote economic self-sufficiency.**

A Birthright Trust Fund would give every child a financial stake in his or her future and provide a foundation for success in the 21st Century.

Option 1: **\$500 AT BIRTH**

Government Contributions	Value at age 18 with no personal contributions	Value at age 18 with personal contributions of \$50/month	Value at age 18 with personal contributions of \$100/month
\$500 at birth	\$1,606	\$22,133	\$42,661

Option 2: **\$500 AT BIRTH PLUS AN ADDITIONAL \$500 MATCH FOR LOW-INCOME HOUSEHOLDS**

Government Contributions	Value at age 18 with a personal contribution of \$500 in the first year and no subsequent contributions	Value at age 18 with personal contributions of \$50/month	Value at age 18 with personal contributions of \$100/month
\$500 at birth/ \$500 match	\$4,615	\$23,638	\$44,167

The Cost

For all New York City resident births:

\$56 million annually for Option 1

\$87 million annually for Option 2

(assuming 112,000 births, 55% of which are low-income)

For all New York State resident births:

\$122.5 million annually for Option 1

\$173 million annually for Option 2

(assuming 245,000 births, 41% of which are low-income)

Citizens' Committee for Children of New York, Inc.  
105 East 22nd Street  
New York, NY 10010  
T: 212-673-1800 F: 212-979-5063  
www.cccnewyork.org

