INITIATIVE ON FINANCIAL SECURITY

THE ASPEN INSTITUTE

Issue Brief
March 2014

The Initiative on Financial Security at the Aspen Institute is a leading policy program focused on bold solutions to help all Americans at every stage of life to save, invest, and own.

www.aspenifs.org

Child Trust Funds: Renewing the Debate for Long-Term Savings Policies

William Zichawo, Colby Farber, Lisa Mensah

Introduction

As policymakers examine the tax code and reevaluate our nation's priorities to promote economic security for households, children's savings accounts are one answer to the question of how families can invest in their futures and reinvigorate the American Dream. The power of child savings is that for a modest cost – starting each child with an account seeded with $500 – the lifelong positive impacts are vast. Children's savings accounts can change the behavior and attitudes of children and their parents with regard to saving and investing as children become young adults entering higher education and the workforce.[1] Children's savings accounts are also a means to provide a hands-on opportunity to teach financial literacy[2] and connect all families to the financial mainstream to build financial assets that appreciate over time.[3] Children's savings accounts not only incentivize families to save and give all children a financial stake in their futures, but also appeal to values across the political spectrum because of their financial and social benefits.[4]

Unfortunately, our national savings system today does not include a vehicle like children's savings accounts – a tax-favored, private-sector investment long-term savings account personally owned by children themselves. For an example of a full-scale policy of children's savings accounts, U.S. policymakers can turn to the British model, the Child Trust Fund (CTF), for evidence of how a national children's savings accounts policy achieved its mission of instilling savings habits at the beginning of life and providing all children a head start for entering adulthood.

In 2003, the United Kingdom embarked on a bold national program that ensured that each child born in Britain from September 2002 onwards would receive government funds to open an account that matured at age 18.[5] At the program's five-year anniversary in 2010, over five million CTF accounts had been opened, yet in 2010 the government announced that CTF payments would be reduced and then eventually stopped as part of the austerity agenda.[6] A commonly cited reason for discontinuing the CTF program was that CTF accounts had been unpopular with the general public. In fact, the program's closure can be attributed to recession-era political factors rather than failures with the Child Trust Fund. This paper intends to address the CTF criticism to highlight the success of the Child Trust Fund and renew the debate on children's savings accounts in the United States.

Creation of the Child Trust Fund: The UK Government's Aim to Expand Economic Opportunity

In 2001, the British Treasury published a report on the United Kingdom's tax and benefit system's modernization. Concluding that lower-income households were not saving enough to enjoy the benefits and opportunities of asset ownership, the Government made it a goal to ensure that "all children grow up knowing that they have a financial stake in society" and that all young people "should be able to embark on their adult lives with a financial asset to invest in their future."[7] The Government pronounced that "A Child Trust Fund would meet the Government's objectives for saving and widening opportunity by ensuring that all young adults, regardless of their families' circumstances, start their adult lives with immediate access to a stock of assets."[8] The CTF was intended to be tied to the National Curriculum's financial education component, in the process illustrating the real benefits of saving to children and their families.[9]

At the outset, the British government outlined four main goals for the CTF legislation:[10]

- Helping people understand the benefits of saving and investing,
- Encouraging parents and children to develop savings habits and engage with financial institutions,
- Ensuring that all children have a financial asset at the start of adult life to invest in their futures, and
- Building on financial education to help people make better financial choices throughout their lives.

The Child Trust Fund Overview: A Savings Vehicle to Put All Children on the Path to Financial Security from the Very Beginning of Life

The Child Trust Fund encouraged people to develop savings habits, realize the benefits of saving and investing, and engage with financial institutions.[11] Through the CTF, parents received a voucher for £250 to open a savings and investment account on their child's behalf.[12] Families below the poverty line received an additional £250 per child.[13] Children, families, and friends were able to contribute up to £1,200 each year to the accounts. The CTF belonged to the child, and at age 18 assets could be used for any purpose. At age 18, CTFs would automatically roll over into a tax-free, adult savings account, but young adults could withdraw their funds without restrictions.

The CTF program cost £444 million in its first year as the government had to cover those born after the legislation's cutoff but before the first vouchers were issued in January 2005. Between Fiscal Year 2005-2006 and Fiscal Year 2008-2009, the program annually cost an average of £255 million. Afterwards, the program changed to add an additional payment for children aged 7. In Fiscal Year 2009-2010, the program cost £387 million. At the end of July 2010, the program was partially canceled; it was fully canceled a few months later, with no benefits for any child born after January 3, 2011.[14]

The private sector had a significant role in the design of the program, and financial institutions were central to the program's success. Families opened a CTF by redeeming their voucher with a participating private-sector institution. Private-sector institutions serviced CTFs, including marketing the accounts, facilitating and tracking contributions, making and changing investments, and sending out annual statements. Providers were required to offer a basic CTF product that capped fees at no more than 1.5% each year.

Aspen IFS conducted four years of research to examine the financial industry's appropriate role in a child account policy and concluded that a retail model like that of the CTF offered the best combination of simplicity for consumers and value for the financial services industry. In a retail model, the government creates and enforces a regulatory structure of investment accounts (sometimes with contributions), and the financial services industry performs all other functions. In both the U.K. and the U.S., the retail model is the pre-eminent delivery system for investment accounts. To serve the needs of American investors, the financial services industry has created a vast infrastructure of supporting systems – both for the delivery of client services through the front-office and for account investment and administration through the back-office.

A retail children's savings accounts model offers several advantages to a children's savings account policy. A retail model uses the existing industry infrastructure that makes policy implementation uncomplicated. In addition, the retail model connects millions of families currently outside of the financial mainstream with a direct connection to it. As a result, these families could gain easier access to a host of other routinely-available services. Given that the financial services industry has the capacity and self-interest to market savings, a retail model also helps drive savings behavior to help the policy achieve its primary goal of giving every child a substantial financial asset for the transition to adulthood.

A RETAIL MODEL FOR CHILDREN'S SAVINGS ACCOUNTS

- The government creates and enforces a regulatory structure of investment accounts, and in CTF's case, contributed to the accounts. The financial industry covers all other functions.
- Uses the existing industry structure as the delivery system, providing ease of policy implementation.
- Provides millions of families who are outside of the financial mainstream with a direct connection to it. These families can then benefit from easier access to a host of other routinely-available services – savings and checking accounts, for example – which payday lenders and similar non-regulated companies continue to provide at a much higher cost.
- The financial industry has the capacity and self-interest to market savings. The industry thrives when more people save and more people save more, so it has developed sophisticated systems for increasing customer activity. Therefore, a retail model could help drive savings behavior, using the industry's marketing and communications functions to expand account contributions significantly and to help the policy achieve its primary goal of giving every child a substantial financial asset for the transition into adulthood.[15]

In Britain, when the CTF was less than a year old, the CTF market was comprised of nearly 40 approved providers and over 70 organizations involved in the distribution of CTF accounts on behalf of providers.[16] The latter group included building societies, IFA firms, banks, and retailers.[17] According to researchers at the University of Bristol, there was consensus that the key to profitability for the providers in the medium- to long-term was to foster high volumes of business along with additional contributions by parents and others.[18] The surveyed organizations viewed their involvement in the CTF market in one of three ways: as a market opportunity; as a way of customer retention; and as a means of attracting new customers.[19]

Child Trust Fund's Success with the Public

In order to fully grasp the positive impact that the CTF had on savings, it is important to highlight the extent of children's savings when the CTF became operational. The CTF came into existence at a particularly troubled time for children's savings and investment in Britain. During the CTF's infancy in the period between March 2005 and January 2006, children from poorer and larger families were less likely to have had accounts opened for them at birth.[20] Additionally, parents living in households with no earners, single parents, parents with three or more children, and parents with heavy credit burdens were less likely to have opened a CTF account.[21] At all income levels, only fourteen percent of children had investments of any kind, with the median amount that had been invested for children at £300.[22]

In this context, the Fund's five-year trajectory was remarkable in the savings gains achieved for most eligible children:

- The first statistical report of the CTF found that by April 2005, when the CTF accounts became active, nearly 1.7 million vouchers had been issued to parents of eligible children. Over the next year, parents opened more than 1.3 million accounts and over 611,000 additional payments were made into the accounts of children in lower income families.[23]
- A year later, three quarters of parents had actively opened an account for their child, a third of children had benefited from the additional payment made to children in lower-income families, and a quarter of children had received contributions into their CTF accounts.[24]
- By the third year, 97% of eligible parents were aware of the CTF, with statistics showing that three quarters of parents continued to open accounts for their children.[25] Furthermore, there was a modest increase in the value of contributions children received from family and friends.[26]
- In 2009, HM Revenue & Customs had issued over 5 million CTF vouchers and around £2 billion was held in CTF accounts. A majority of parents (74%) had actively opened their child's CTF account themselves and around a quarter of accounts (24%) received extra contributions from the child's parents, relatives and friends. An average sum of £289 was added to each account every year.[27]

- At the program's five-year anniversary in 2010, over five million CTF accounts had been opened. Approximately three quarters of parents proactively opened their child's CTF account and an additional 10 percent of parents knew that the Government was going to open a CTF on their child's behalf when their voucher expired and, as a result, purposefully waited for this time to elapse. The combination of the two above percentages shows that 85 percent of parents were consciously participating in the CTF program.[28] The Children's Mutual, a leading CTF provider, concluded that "this is particularly noteworthy as only 40 per cent of the adult population has a private pension and an even lower 30 per cent has an ISA – further underlining the true engagement UK families have with the Child Trust Fund."[29] This is especially substantial when considering that the Government spends approximately £24 billion in tax relief on pensions per year to encourage long-term savings.[30]

The Children's Mutual, one of the leading providers of the CTF, estimated that by 2020, the year when the first CTF account holders turn 18, their CTF accounts could pay out an estimated £2.4 billion, with the average CTF account set for a pay out of £9,500.[31]

The program's continued success from 2008 to 2010 is particularly noteworthy given the persistently negative macroeconomic climate at the time. Remarking on the global economic downturn's effects on household balances, Sarah McCarthy-Fry, Exchequer Secretary to the Treasury stated, "We are already seeing the benefits of the action the Government is taking to support families with real help now over the past year. The Child Trust Fund is a long-term investment and is a continuing success story based around a partnership between the Government, parents, and financial institutions aimed at helping to improve our children's financial future."[32]

The Children's Mutual, one of the leading providers of the CTF, estimated that by 2020, the year when the first CTF account holders turn 18, their CTF accounts could pay out an estimated £2.4 billion, with the average CTF account set for a pay out of £9,500.

Political Opposition to Child Trust Funds Despite Policy Success

It is difficult to understand how a program that was immensely popular with the public and that was fully supported by the Treasury even during the height of the economic downturn could be cancelled after only five years. The answer seems to lie not in any fault of the program design, but rather with the politics of Britain's government austerity program, which started in earnest with the Parliamentary election of 2010 and the formation of the Conservative-Liberal Democrat coalition government.

Critics of the CTF pointed out that a quarter of new parents had failed to open a CTF in the first four years of the program and that only a third of accounts had contributions made into them apart from the Governmental contributions. Framing these statistics as a failure, however, misreads the program's significant popularity among the population and its real impact on saving.

As late as April 2010, CTF's popularity continued to grow, with the average monthly amount paid into the accounts increasing to £23.14, while an additional 31,560 accounts had regular payments set up since February. Commenting on these figures, the Director General of the Tax Incentivised Savings Association remarked that "CTFs benefit all children regardless of their background and this, along with the role the scheme has in improving financial literacy, should be borne in mind in any debate about the future of CTFs."

Austerity Politics

Declaiming the program's popularity and meaningful participation in a report, Nick Clegg, the leader of the Liberal Democrats, and his party still moved toward to abolishing the program.[37] In the politics of austerity, the Liberal Democrats preferred that funds be spent on primary education instead of the CTF. Clegg proposed using revenue allocated to the CTF to instead reduce class sizes for the youngest primary school children because "All the evidence show[ed] this would be a far more effective way to improve educational standards among people from poorer backgrounds, dispersing power to the disadvantaged at a time when it makes the biggest difference."[38] The CTF was set against a program that would work best in tandem with the CTF. This theme was picked up by the Institute for Fiscal Studies, which claimed that abolishing the CTF would make a not insignificant contribution to the total £26 billion spending cuts proposed by the Government.[39] Like Clegg, the Institute warned of the dire consequences of cutting spending on public services.[40] In response, the Conservatives put forward a proposal to restrict the CTF to low-income families and abolish the second Government payment at age 7.[41] This would drastically cut costs but continue some payments at birth would continue to encourage savings behaviors and would allow financial education centered on the CTF to remain a part of school curriculums.

The Guardian cited a survey that showed large majorities in every social class agreed with the sentiment that "the CTF had encouraged them to save, that the money should not be transferred to education, and that plans to scrap the CTF would make them less likely to vote for the party concerned."[42] Pointing out the financial difficulties that the more than half of British children who do not go to university face, The Guardian's writers noted "… [I]f you think of an 18-year-old spending £2,000 learning to drive, and thus becoming more employable, it is clear that even a fund that wasn't saved into to the maximum amount could be a sink or swim margin."[43]

Yet less than a month later, Clegg announced that "the age of plenty was over," followed by Chancellor George Osborne's announcement that the CTF would be phased out.[44] Never mentioned were the CTF's original universal asset-building and financial literacy goals and how elimination of the CTF, with no viable replacement, would undermine the strides that had already been made towards fulfilling those ideals. The CTF program did not fail to "excite the public,"[45] but rather a concerted effort by the Liberal Democrats pitted the CTF against shorter-term child poverty programs. Vulnerable to the Government's recession-era obsession with spending cuts, the CTF was effectively abolished in 2010 as part of the austerity narrative.

Child Trust Funds' Continued Success

Though the Government cancelled the CTF in 2010, active accounts continue to grow. Data shows that the CTF program continues to impact children and their families as intended. A Revenue & Customs Evaluation released in 2011 by the Personal Finance Research Centre at the University of Bristol underscored the continued positive impact of the CTF program. First, the report acknowledged the negative macroeconomic climate caused by the Great Recession. CTF saving may have been impacted in the likelihood for parents and others to have added to CTF accounts, and in the rates of interest and investment growth on account balances.[46] However, the report still found "clear statistical evidence that the CTF had had a positive impact, of an estimated £618, on the total amounts saved for children living in homes that were not owned by their household."[47] More importantly for the program's original goals, regular savers reported that they were more likely to save more as a result of CTF than they otherwise would have done.[48]

In July 2011 the Government published regulations detailing a new national tax-free children's savings account or 'Junior ISAs,' whose aim was "to provide families with a simple, transparent, accessible and competitive product to save for children who do not have a CTF; and create the conditions for families to save more for their children than they otherwise would."[49]

What is clear is that Junior ISAs have been an ineffective substitute for the CTF program.

Unlike the CTF, Junior ISAs do not offer universal access to the financial mainstream or feature government matches, and as a result Junior ISAs have failed to change national savings behaviors and instill savings mindsets in all children. Still active CTF accounts have received more money than ever during the recession and now. As of April 2012, over six million CTF accounts had been opened, with 21% of these accounts (over 1 million accounts) receiving additional contributions, with the average contribution at £314.[50] Conversely, hardly any Junior ISAs have been opened. From the creation of Junior ISAs in 2011 to April 2013, 366,000 Junior ISAs had been opened with the average contribution at £1,327 in 2012-13. It is worth noting that the Junior ISA average contributions indicate that Junior ISAs most likely largely benefit higher-income families.[51]

What is clear is that Junior ISAs have been an ineffective substitute for the CTF program. Junior ISAs have failed to address the objectives to expand economic opportunity that the British government set out to achieve when it prudently designed the CTF program. The CTF program experienced millions saved by families from all income classes, but Junior ISAs lack many of the features of the CTF that made it a successful program for all British families. The government no longer plays a role in initiating account opening and offering contribution incentives. Without all children participating in Junior ISAs, schools are no longer able to integrate financial literacy tied to real accounts into curriculums. Junior ISAs have been unsuccessful at attracting new savers and neglect to connect all children with financial assets to invest in their futures.

Renewing the Debate: Child Trust Fund's Success

The CTF was seen by its proponents as a long-term investment in the future of Britain's children. As an asset-building policy, it had a transformational aspiration of illustrating the real benefits of saving to children and their families. Unfortunately, the program was discontinued precisely at the moment when the Great Recession made the government subsidy component of CTF indispensable for many lower- and middle-income Britons who would not have saved otherwise.[52] More importantly, the objectives for saving and asset-building were never given any chance to come to fruition, particularly for children born after January 2011, whose main savings option is the Government's new tax-free children's savings accounts or 'Junior ISAs,' which, as previously noted, are funded entirely by parents with no government endowment and have suffered from low take-up rates.

The elimination of CTF can be attributed to recession-era political factors rather than public policy failures. All statistical reports of the CTF from its implementation to the program's closure in 2010 support its popularity with the public and effectiveness in addressing its goals. Over five million CTF accounts had been opened only five years after the inception of the program, with a healthy participation rate and buy-in from parents. As of 2009, approximately 75% of all CTFs were opened by families directly -- a favorable take-up rate compared to similar products -- and private savings already equaled 55% of the government contribution.[53] Additional private contributions were critical to the growth in the value of a CTF.[54] Using data from a 2006 survey, Aspen IFS determined that the value of a CTF at age 18 for lower-income families who regularly contributed monthly savings of approximately $32 would be nearly $13,600.[55] This is an impressive figure that goes a long way in establishing a secure financial future. It is even more remarkable when one considers that many lower- and middle-income families did not have any savings to speak of before the implementation of CTF.

A Child Account Policy for the United States

As policymakers in the U.S. continue to scrutinize the tax code and reevaluate the nation's policy priorities, members of both political parties are looking to advance economic opportunity for more Americans. Debates around savings policies frequently focus on retirement savings, and while policymakers focus on how to improve financial security for American households, a more profound opportunity exists to learn from the UK Child Trust Fund experience and begin building a bolder lifelong savings system beginning with children's savings accounts.

With a small investment into a private account for each of the four million children born each year in the US, the country has a chance to get all children on the first rung of the ladder of economic mobility.

Lessons from the U.K.'s groundbreaking Child Trust Fund policies help inform similar initiatives in the U.S. The CTF demonstrated the potential of children's savings accounts, funded with a modest government contribution and delivered though the private sector, to change savings behavior and enable all children to build an asset to support their transition to adulthood. Implementing a children's savings accounts policy in the U.S. will require collaboration across sectors and a government investment in the financial security of future generations. As early data from the CTF program confirms, children's savings accounts are effective investments in children, their families, and their financial futures, and represent an extraordinary opportunity to change national savings behaviors and promote financial security for all households.

Endnotes

1 Williams Shanks, T.R., Kim, Y., Loke, V., & Destin, M. (2010). Assets and child well-being in developed countries. *Children and Youth Services Review*. Retrieved January 27, 2014 from http://csd.wustl.edu/Publications/Documents/WP09-66.pdf

2 Butrica, B.A. (2010). The case for National Children's Savings Accounts. *Federal Reserve Bank of Boston: Communities and Banking, 21 (1)*, 14-16. Retrieved February 4, 2014 from http://www.bostonfed.org/commdev/c&b/2010/winter/Butrica_Child_Savings_Accounts.pdf

3 Sherraden, M. (2009). Individual development accounts and asset building policy: Lessons and directions. In R.M. Blank & M.S. Barr (Eds.), *Insufficient funds: Savings, assets, credit and banking among low-income households.* New York, NY: Russell Sage Foundation.

4 Children's savings accounts have a strong history of bipartisan support. The ASPIRE Act was introduced during each of the 108th, 109th, 110th, and 111th Congresses (2003-2011) with sponsorship and co-sponsorship by members of both parties. For example, the ASPIRE Act of 2004 was introduced into the Senate by Sen. Rick Santorum (R-PA) and co-sponsored by Sen. Jon S. Corzine (D-NJ); the ASPIRE Act of 2007 was introduced into the House of Representatives by Rep. Patrick Kennedy (D-RI) and co-sponsored by Reps. Phil English (R-PA), Jim Cooper (D-TN), Rahm Emanuel (D-IL), Thomas E. Petri (R-WI), and Zoe Lofgren (D-CA). See America Saving for Personal Investment, Retirement, and Education Act of 2004, S. 2751, 108th Cong. (2004) or America Saving for Personal Investment, Retirement, and Education Act of 2007, H.R. 3740, 110th Cong. (2007).

5 Mensah, L., Schneider, R., & Aboufadl, M. (2004). *The child trust fund: A universal long-term saving policy*. Washington, DC: The Initiative on Financial Security, The Aspen Institute.

6 *Id.*

7 HM Treasury. *Saving and Assets for All: The Modernisation of Britain's Tax and Benefit System, Number Eight*. Retrieved July 19, 2013 from http://www.revenuebenefits.org.uk/pdf/savings_and_assets_for_all.pdf

8 *Id.* at 17

9 *Id.* at 18

10 Mensah, L., Schneider, R., & Aboufadl, M. (2004). *The child trust fund: A universal long-term saving policy.* Washington, DC: The Initiative on Financial Security, The Aspen Institute.

11 Bennett, J., Quezada, E.C., Lawton, K., & Perun, P. (2008). *The UK Child Trust Fund: A successful launch.*

12 Mensah, L., Schneider, R., & Aboufadl, M. (2004). *The child trust fund: A universal long-term saving policy.* Washington, DC: The Initiative on Financial Security, The Aspen Institute.

13 *Id.*

14 HM Revenue & Customs (2013). *Child Trust Fund: Statistical Report 2012*, p. 9. Retrieved February 6, 2014 from http://www.hmrc.gov.uk/statistics/ctf/statistical-report.pdf

15 Mensah, L., Laraia, M., Perun, P. (2009). *Child Accounts: The Appropriate Role for the Private Sector*. Washington, DC: The Initiative on Financial Security, The Aspen Institute.

16 Kempson, E., Atkinson, A., & Collard, S. (2006). *Saving for children: A baseline survey at the inception of the Child Trust Fund*, 72. Retrieved February 12, 2014 from http://www.hmrc.gov.uk/research/sfc_report_df6.pdf

17 *Id.*

18 *Id.* at 74

19 *Id.*

20 HM Revenue and Customs (2006). *Saving for Children: A Baseline Survey at the Inception of the Child Trust Fund,* x. Retrieved July 19, 2013 from http://www.revenuebenefits.org.uk/pdf/saving_for_children_september_2006.pdf

21 *Id.* at xvi

22 *Id.* at 15

23 HM Revenue and Customs (2006). *Child Trust Fund Statistical Report 2006*, 1. Retrieved July 19, 2013 from http://www.revenuebenefits.org.uk/pdf/ctf_stats_2006.pdf

24 HM Revenue and Customs (2007). *Child Trust Fund Statistical Report 2007*, 2. Retrieved July 19, 2013 from http://www.revenuebenefits.org.uk/pdf/ctf_stats_2007.pdf

25 HM Revenue and Customs (2008). *Child Trust Fund Statistical Report 2008*, 2. Retrieved July 19, 2013 from http://www.revenuebenefits.org.uk/pdf/ctf_stats_2008.pdf

26 *Id.*

27 HM Revenue and Customs (2009). *Child Trust Fund Statistical Report 2009*, 3. Retrieved July 19, 2013 from http://www.revenuebenefits.org.uk/pdf/ctf_stats_2009.pdf

28 The Children's Mutual (2010). *Child Trust Fund reaches five million milestone*,. Retrieved July 19, 2013 from http://www.thechildrensmutual.co.uk/press-release/child-trust-fund-reaches-five-million-milestone/

29 *Id.*

30 HM Revenue and Customs (2013). *Cost of reliefs for approved pension schemes.* Table PEN6. Retrieved February 6, 2014 from http://www.hmrc.gov.uk/statistics/pension-stats/pen6.pdf

31 The Children's Mutual (2008). *2020: A new dawn for teens and Generation X*. Retrieved February 12, 2014 from http://www.thechildrensmutual.co.uk/press-release/2020-a-new-dawn-for-teens-and-generation-x/.

32 HM Revenue and Customs (2009). *Child Trust Fund Statistical Report 2009*, 3. Retrieved July 19, 2013 from http://www.revenuebenefits.org.uk/pdf/ctf_stats_2009.pdf

33 The Children's Mutual (2010). Parents persist in saving: New figures demonstrate parents' engagement with Child Trust Funds. Retrieved July 19, 2013 from http://www.thechildrensmutual.co.uk/press-release/parents-persist-in-saving/

34 Kempson, E., Finney, A., & Davies, S. (2011). *The Child Trust Fund: Findings from the Wave 2 Evaluation*. Retrieved July 19, 2013 from http://www.revenuebenefits.org.uk/pdf/report143.pdf

35 MoneyFacts (2010). *CTF popularity grows.* Retrieved February 12, 2014 from http://moneyfacts.co.uk/news/savings/ctf-popularity-grows/

36 *Id.*

37 Clegg, N. (2009). *The Liberal Moment.* London, UK: Demos. Retrieved July 19, 2013 from http://www.demos.co.uk/publications/the-liberal-moment

38 *Id.* at 63

39 Emmerson, C. (2009). *Should the Child Trust Fund be abolished?* London, U.K.: Institute for Fiscal Studies. Retrieved July 19, 2013 from http://www.ifs.org.uk/publications/4602

40 *Id.*

41 Smith, N.R. (2009). *Tory child trust fund cuts to hit 'normal families.'* Retrieved February 12, 2014 from http://www.moneysavingexpert.com/news/banking/2009/10/tories-brand-child-trust-funds-an-unsustainable-luxury

42 Le Grand, J. (2010, April 27). We must not sacrifice the child trust fund. *The Guardian* Retrieved February 12, 2014 from http://www.guardian.co.uk/society/joepublic/2010/apr/27/manifestos-2010-childtrustfunds

43 Williams, Z. (2010, May 2). Why we cannot afford to raid the child trust fund piggy bank. *The Guardian.* http://www.guardian.co.uk/politics/2010/may/02/general-election-child-trust-funds

44 Watt, N. (2010, May 24). George Osborne unveils £6.25bn spending cuts. *The Guardian.* Retrieved February 12, 2014 from http://www.theguardian.com/politics/2010/may/24/george-osborne-6-25bn-spending-cuts?INTCMP=ILCNETTXT3487

45 *Id.*

46 Kempson, E., Finney, A., & Davies, S. (2011). *The Child Trust Fund: Findings from the Wave 2 Evaluation*. Retrieved July 19, 2013 from http://www.revenuebenefits.org.uk/pdf/report143.pdf

47 *Id.* at 50

48 *Id.* at 57

49 Masa, R. (2009). *Innovations in Youth Saving and Asset Building Around the World.* St. Louis, MO: Center for Social Development, George Warren Brown School of Social Work.

50 HM Revenue and Customs (2013). *Child Trust Fund Statistics: Detailed Distributional Analysis*, Table 2. Retrieved February 12, 2014 from http://webarchive.nationalarchives.gov.uk/20130413114758/http://www.hmrc.gov.uk/ctf/dda-2012.pdf

51 HM Revenue and Customs (2013). *Individual savings accounts.* Table 9.4. Retrieved February 5, 2014 from http://www.hmrc.gov.uk/statistics/isas/table9-4.pdf

52 Kempson, E., Finney, A., & Davies, S. (2011). *The Child Trust Fund: Findings from the Wave 2 Evaluation,* 46. Retrieved July 19, 2013 from http://www.revenuebenefits.org.uk/pdf/report143.pdf

53 Mandell, L. (2009). *Two cheers for school-based financial education*, 5. Washington, DC: The Initiative on Financial Security, The Aspen Institute.

54 The Initiative on Financial Security & Institute for Public Policy Research. (2007). *The U.K. child trust fund: Early results.* Washington, DC: The Initiative on Financial Security, The Aspen Institute.

55 *Id.*

INITIATIVE ON FINANCIAL SECURITY

THE ASPEN INSTITUTE

William Zichawo was the 2013 Ford Foundation Law School Fellow, Colby Farber is the former Senior Associate, and Lisa Mensah is the Executive Director of the Aspen Institute Initiative on Financial Security. The Initiative on Financial Security gratefully acknowledges the support of the Ford Foundation. We thank David White and Andrew Key for their assistance with this paper. The views, opinions, and analyses expressed in this publication are solely those of the Initiative on Financial Security of the Aspen Institute.

Initiative on Financial Security | One Dupont Circle NW, Suite 700 | Washington, DC 20036 | 202.736.2910 | ifsinfo@aspeninstitute.org | www.aspenifs.org