



Hands-On Learning to Build Financial Habits: Research and Resources on Child Savings

To accompany *Hands-On Learning to Build Financial Habits: Federal Resources to Encourage School-Based and Youth Savings Programs*, this document is intended to provide information on non-governmental research and resources that may be useful to financial institutions, state, local, or tribal government officials, teachers and school leaders, and others interested in establishing such a program.

This document includes a description publicly available websites, reports, research papers, and other readings on child savings that may help practitioners learn about best practices and techniques. Please note that these resources have not been supported or endorsed by the Financial Literacy and Education Commission (FLEC) and may not be an exhaustive list of resources on this topic.

For additional research and resources, visit www.mymoney.gov and the FLEC Research and Data Clearinghouse on www.mymoney.gov.

Websites

- CFED
 - Children's Savings 101: http://cfed.org/programs/csa/childrens_savings_101/
 - Children's Savings Directory: <http://cfed.org/programs/csa/directory/>
- San Francisco Office of Financial Empowerment: <http://sfofe.org/programs/k-to-c>
- University of Kansas Assets and Education Initiative: <http://save4ed.com/>

Reports, Research Papers and other Readings

- Reid Cramer, Rachel Black, Justin King. 2014. Children's Savings Accounts Research Practice, and Implications for Policy Design. New America Foundation. http://assets.newamerica.net/sites/newamerica.net/files/policydocs/CSAEvidenceImplications_FINAL6_14.pdf

Summary: This paper reviews the research foundations of Children's Savings Accounts (CSAs), which may be of importance to policymakers and advocates. Having access to savings generally – and particularly in the child's name- are associated with a wide range of positive outcomes, including better academic performance, higher rates of college entry, and higher rates of college completion. A national collective platform for children's savings could provide a structure to help families grow the savings that make a meaningful difference in the lives of children and improve their prospects for economic mobility in addition to supporting a culture of savings, personal responsibility, and

increased ownership and investment. A short description of the legislative history of CSA proposals and some key initiatives at the national, state, and municipal levels are discussed. Key policy considerations to be addressed include participation, intended uses, and account features. Examples of each consideration are explored and critically evaluated.

- Assets and Education Initiative. 2013. Building Expectations, Delivering Results: Asset-Based Financial Aid and the Future of Higher Education. In W. Elliott (Ed.). *Biannual report on the assets and education field*. Lawrence, KS: Assets and Education Initiative (AEDI). <http://save4ed.com/wp-content/uploads/2013/11/Full-Report.pdf>

Summary: Children's Savings Accounts (CSAs) represent acknowledgement of children's savings as a strategy for improving children's well-being. CSAs could also be focused on the purpose of funding higher education. Forty percent of voters surveyed indicated that making education more affordable should be a top priority for government and 58 percent of voters surveyed stated that the most effective use of CSAs would be to help families save for college. Research suggests that asset ownership can positively change the way children and families think about and prepare for college. Additionally, movement away from a dependency on student debt may aid future U.S. economic competitiveness. An asset-based approach may work by increasing the students' stake in their own educational futures, thereby making persistence and success more likely. CSAs may be also considered a promising college-funding strategy to a broad socioeconomic audience, in addition to more traditional financial aid products.

- Terri Friedline and Nik Schuetz. 2014. Investing in Children; Child Development Accounts as an Early Childhood Intervention. New America Foundation and University of Kansas' School of Social Welfare. [http://www.newamerica.org/downloads/Friedline SchuetzCDAs as Early Childhood Intervention.pdf](http://www.newamerica.org/downloads/Friedline_SchuetzCDAs_as_Early_Childhood_Intervention.pdf)

Summary: The positive outcomes of Child Development (savings) Account (CDA) ownership and development can be supported by suitable policy design and by providing proper, intentional preparation to children about their CDAs. Families need opportunities to make short and long-term economic investments in their children in addition to their developmental and educational investments. This paper discusses CDAs as having the potential to complement other currently available childhood intervention programs such as pre-kindergarten, child development centers, and Head Start. Early childhood interventions make the short-term investments families may be unable to afford. Interventions such as CDAs may contribute to closing educational and economic advancement gaps between children in and out of poverty that widen across time if left unattended.

- Johnson, E., & Sherraden, M. S. 2007. From Financial Literacy to Financial Capability among Youth. *J. Soc. & Soc. Welfare*, 34, 119. <http://csd.wustl.edu/Publications/Documents/WP06-11.pdf>

Summary: Typically, a financial institution partners with one or more schools to allow youth to open and make deposits into savings accounts. Credit unions, in particular, have been successful in establishing these types of at-school programs. To develop financial capability, it is suggested that financial education include access to financial institutions, possibly with savings incentives. This opportunity will provide a benefit to children whose families do not use banks or other mainstream financial institutions. Implementing a national policy for kids' accounts with universal financial education would send a clear message of commitment to the financial success and well-being of future generations.

- Kilara, Tanaya, and Alexia Latortue. 2012. Emerging Perspectives on Youth Savings. Focus Note 82. Washington, D.C.: CGAP.
<https://www.cgap.org/sites/default/files/CGAP-Focus-Note-Emerging-Perspectives-on-Youth-Savings-Aug-2012.pdf>

Summary: This paper focuses on the opportunities and challenges of offering savings services to youth from the perspectives of policy makers and financial service providers working in developing countries. The premise behind the policy case for offering savings accounts to youth is straightforward: youth savings can promote asset-building, instill good financial habits, and improve a country's overall gross savings rate. The business case for financial service providers is gaining loyal, long-term customers who will use a range of products over their lifecycles. The paper provides several practical considerations for policy makers and providers when targeting the youth market. While more data on the social impact of youth savings is needed, policy makers can take a test-and-learn approach to reducing barriers for the private sector to deliver youth savings. Coordination among government ministries is important in this regard, ideally within a comprehensive youth policy. In regard to financial services providers, there also exists a similar need for innovation and experimentation around understanding the youth market and whether this customer segment is profitable in the long run.

- Rochelle Howard, Liana Humphrey, Carl Rist, Barbara Rosen & Leigh Tivol. 2010. From Piggy Banks to Prosperity: A Guide to Implementing Children's Development Accounts (Updated). CFED. September
http://cfed.org/assets/pdfs/Piggy_Banks_to_Prosperty.pdf

Summary: This reference guide is designed for anyone interested in establishing Child Savings Accounts (CSAs) including community-based organizations, community leaders and practitioners, financial institutions, municipal or state agencies, schools, and other organizations that serve children and youth. Experiences of the national Saving for Education, Entrepreneurship and Downpayment (SEED) Initiative - which was developed to explore and assess the potential of CSAs as a program, product, and policy - are studied to present recommendations and lessons to future CSA program creators. This paper discusses specific aspects of developing a CSA initiative such as program structure, management, design issues, and working with community partners.

- Sherraden, M. S., Johnson, L., Guo, B., & Elliott, W. 2011. Financial Capability in Children: Effects of Participation in a School-based Financial Education and Savings Program. *Journal of Family & Economic Issues*, 32(3), 385-399.
<http://csd.wustl.edu/Publications/Documents/WP09-16.pdf>

Summary: A growing number of states require financial education standards in public schools; however, it is less common in elementary school than in high school. Research has shown that although young children's financial understanding is unsophisticated, they can understand concepts at a very young age which form the foundation of more sophisticated understanding in later years. This study finds that young children in an elementary school setting benefit significantly from a combined financial education and savings program regardless of parent education and income. The program involved opening a savings account, regular visits to the bank, making deposits, and monitoring their accounts. The study further suggests that even very young children enjoy and can learn economic and financial concepts if those concepts are conveyed in an engaging manner. This result is in line with several previous studies that found elementary school programs designed to increase financial capability yielded positive results.