CHILDREN'S SAVINGS ACCOUNTS

HOW DOES IT WORK?

Children's Savings Accounts (CSAs) are long-term asset development accounts that promote post-secondary education savings. CSAs universal and automatic enrollment combined with an initial seed deposit provides households with a platform to build assets and an incentive to save. As accounts grow, these assets can serve as an opportunity for children to achieve post-secondary attainment.

MODEL COMPONENTS

AUTOMATIC AND UNIVERSAL ENROLLMENT

Opt-out enrollment automatically enrolls each child into a CSA and no child is left out.

INITIAL SEED DEPOSIT

All CSAs see an initial deposit from public or philanthropic dollars to kickstart early interest in post-secondary education.

INCENTIVES TO SAVE

Initial deposits, savings matches, benchmark incentives, education milestones, and prize-linked savings promote higher family contributions.

BARRIER-FREE CONTRIBUTIONS

Multiple deposit options including cash, direct deposit, ACH transfers, etc. break down barriers to asset building and bring families to the financial mainstream.

RESTRICTED WITHDRAWALS

Accounts are restricted to long-term asset building in order to promote post-secondary education and financial literacy.

STUDENT WITH A DEDICATED COLLEGE SAVINGS

3x

MORE LIKELY TO **ATTEND COLLEGE** THAN THOSE WITHOUT SAVINGS

4x

MORE LIKELY TO **GRADUATE FROM COLLEGE** THAN THOSE WITHOUT SAVINGS

Source: Small-dollar children's savings accounts and children's college outcomes by income level. (2013) Elliott, W., III, H. Song, & I. Nam. Children and Youth Services Review.

CEDAM
COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION OF MICHIGAN

Michigan Communities for Financial Empowerment is a program of the Community Economic Development Association of Michigan (CEDAM). Learn more at cedamichigan.org

MCFE
Michigan Communities for Financial Empowerment