
P. Kennedy Proposes Savings Accounts for Children

By Editor Test *Wed, Apr 7, 2010*

H.R. 4682 would create an account with \$500 per year for all children at birth, with a supplement of up to \$500 and matching contributions of up to \$500 each year for children in families with incomes below the national median.

Under the Aspire Act of 2010, H.R. 4682, introduced by Rep. Patrick Kennedy (D-R.I.), the U.S. government would jump-start the savings habits of every American under 18 with a Social Security number.

H.R. 4682 would create an account with \$500 for all children at birth. Children in families below the national median income would be eligible for up to an additional \$500 at birth and matching funds up to \$500 each year for additional funds put into the account.

Account holders could withdraw funds at 18 to pay higher-education expenses; at age 25, the funds could go toward homeownership or into a retirement plan. Account holders could also add up to \$2,000 per year to their accounts by contributing tax refunds or payroll deductions. For tax purposes, the accounts would be treated the same as Roth IRAs.

Secretary of the Treasury would transfer \$500 each year (with an inflation adjustment every five years) for every American under age 18, starting when they are issued a Social Security Number, to a Lifetime Savings Account.

The Lifetime Savings Accounts would be invested in Aspire Fund, default investment program run by the Aspire Fund Board and managed “in a manner similar to a lifecycle investment program” and “allocated to investment funds in the Aspire Fund based on the amount of time before the account holder attains the age of 18.”

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