



# A Growing Movement

## The State of the Children's Savings Field 2016

The Children's Savings Account (CSA) movement has taken off in the past few years. These programs provide long-term savings or investment accounts and savings incentives to help children build savings for their future. In 2016, CSA initiatives started in a diverse range of locations, such as Durham, NC; Boston, MA; and Worcester, MA. In 2017, we expect several more program launches, including in places like Oakland, CA, and Milwaukee, WI. Based on a recent survey, this document offers a snapshot of this growing field, illustrating the range of program models being customized to meet the needs of the communities and states these programs serve.<sup>1</sup>

### Participating Children

Nearly 313,000 children will have a CSA by the end of 2016—a 39% increase from the end of 2015.

CSA programs range in size from small community programs enrolling a few hundred children per year to statewide, universal programs like Nevada College Kick Start, which enrolls more than 35,000 children per year. As shown in Figure 1, nearly 80% of CSA programs enroll fewer than 1,000 children per year. Seven programs enroll more than 1,000 children each year, and these programs account for nearly 90% of the total children enrolled annually.

### Funding

Programs are funded through a mix of public, foundation, corporate and individual support.

CSA programs' funding sources vary across the field. More than 55% of programs rely on two or more types of funding. Foundations are a key source of support—nearly 72% of programs receive foundation funding. In addition, more than 41% of programs have at least one source of government funding from the local, state or federal level. A small but growing source of funding for state-run CSA programs is fees or other payments made to states by 529 administrators; these funds are used by eight percent of programs.

### CSAs by the Numbers

By the end of 2016:

**42** programs will serve

**313,000** children in

**29** states

Figure 1. CSA Programs by Size of Annual Enrollment

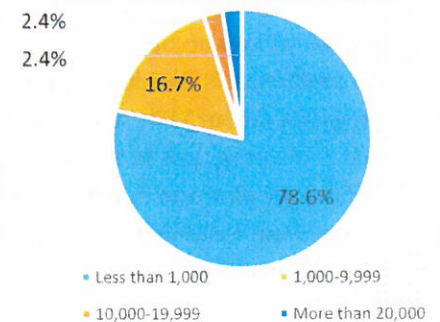
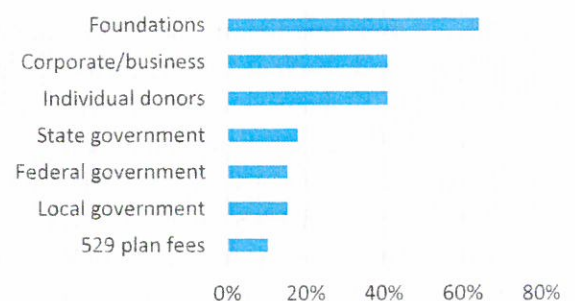


Figure 2. Funding for CSA Programs



<sup>1</sup> This document is based on CFED's CSA Program Survey, which was fielded June-July 2016, and information from programs' websites. Only data from programs currently in operation or planning to start by the end of 2016 are included in the analysis.



## Enrollment

Nearly one-third of programs open accounts for children automatically.

While most CSA programs have children or their parents opt into the program, 31% of programs automatically enroll participants and open accounts without requiring any action by the children or their parents. Automatic enrollment ensures that all children—especially the most vulnerable—receive an account. Among the seven largest CSA programs—all of which enroll at least 3,000 children per year—four out of seven (about 57%) use automatic enrollment. This may indicate that at a larger scale, it is more feasible to automatically enroll children, rather than expending resources trying to encourage every parent to sign their child up for the program.

## Account Type

Programs are evenly split between using savings accounts and 529s to hold children's savings.

Selecting the account product to hold children's savings is a key decision for CSA programs. Currently, most programs are using either third-party custodial savings accounts through banks or credit unions (47.6%) or 529 college savings accounts (47.6%). However, among the largest programs, the preference is decidedly for 529 accounts, with five out of seven programs (about 71%) selecting 529 accounts. One noteworthy trend is that a few programs (4.8%) are turning to alternatives, such as building a technology platform in which parents can use an existing account or choose from a number of account types that are linked to the program through an online platform.

## Incentives

Savings matches are the most common incentive in CSA programs, followed by initial deposits.

All CSA programs offer incentives that help build account balances, and nearly 62% of programs offer two or more types of incentives. As shown in Figure 5, savings matches and initial deposits are used most often by programs. For savings matches, the most common match rate is \$1 for each \$1 saved, though some programs match \$2 or more for every \$1 saved. Initial deposit amounts range from a low of \$5 to a high of \$500, with the median at \$50. Benchmark incentives reward a range of achievements and behaviors, such as consistent saving, perfect attendance and completing college readiness milestones.

Figure 3. Method of Enrollment in CSA Programs

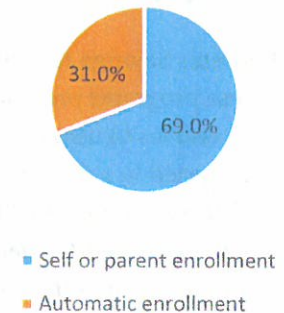


Figure 4. Type of Accounts Used by Programs

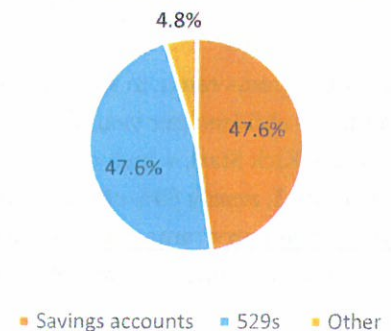


Figure 5. Types of Incentives Used by Programs

