

LESSONS FROM EXPERT ROUNDTABLES ON DESIGNING AN EFFECTIVE EARLY WEALTH BUILDING POLICY –AND AVOIDING COSTLY PITFALLS

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This brief outlines the major takeaways from eight expert roundtables on early wealth building policy, hosted by the [Aspen Institute Financial Security Program](#) (Aspen FSP) over two weeks in May 2025 under Chatham House Rule. The roundtables featured over 50 experts (not including Aspen FSP staff) from many sectors and fields, including banking, investing, philanthropy, and child savings accounts, along with former Treasury Department officials. Aiming to design an efficient and effective national system of accounts, particularly for lower wealth households, here are key takeaways:

- 1) Enthusiasm for national early wealth building policy is matched by concerns around design—if the policy fails, as we learned from the U.K., it can poison the well for decades.**
 - Many participants noted that automatic enrollment is necessary but not sufficient for success.
 - One participant shared their view that the financial services sector’s experience providing Child Trust Fund accounts in the U.K., which had automatic enrollment, was so challenging (20% of accounts remain unclaimed) that they don’t believe there can be another attempt at national early wealth building again for a generation.
- 2) Creating the accounts in a pooled structure would be more effective and efficient than attempting to immediately open up millions of accounts across a range of financial institutions.**
 - Participants strongly supported the concept that the Secretary of the Treasury should have the authority or option of creating and “incubating” accounts in some type of pooled or omnibus structure—one that would be housed at Treasury or contracted out to a private-sector firm—until the accounts are “ready” to be rolled-out to individual financial institutions. Modeled on statewide child savings account programs in 529 pooled or “omnibus” accounts, children could still save, watch their accounts grow, and receive external contributions.
- 3) Fees on accounts could erode investment returns—and ultimately erase account balances.**
 - Several participants observed that fees—if accounts are held in individual financial institutions—could erode amounts around \$1,000, even with solid investment returns; a pooled account could significantly reduce fees.
- 4) Children and youth from lower wealth families need additional funds to feel like owners.**
 - Many participants noted additional deposits and increased outreach to low-income children in early wealth building programs at the local level helped more families engage with accounts and made accounts more economical to manage. Successful examples include programs in Oklahoma, Pennsylvania, and Maine.
- 5) No one should lose public benefits because of saving and building assets for their future.**
 - In multiple discussions, experts noted the importance of policymakers disregarding funds held in an early wealth account for eligibility for means-tested public assistance programs, such as SNAP and WIC, to ensure young people and their families maintain access to necessary support while saving for their futures.
- 6) Investing in capital markets is crucial for growth, ideally in appropriately diversified vehicles.**
 - All participants noted that investing funds in capital markets is critical, though investment experts clearly stated the funds need to be in an appropriately diversified investment vehicle, like a target date or age-based fund.
- 7) External contributions are also critical, but potential contributors need clarity and simplicity.**
 - One participant said it directly: “We need a straightforward way to make contributions, and there will also be a big need for marketing and outreach and education—financial or otherwise.”
- 8) In either a “pooled account” or “individual account” model, strong partnerships with trusted local and nonprofit organizations, and young people themselves, will be critical for success.**
 - Every roundtable elevated the importance of coordinating with local efforts and leadership to create a seamless experience for families and embed financial advising and education.

Eight Takeaways from Expert Roundtables

1) **Enthusiasm for national early wealth building policy is matched by concerns around design—if the policy fails, as we learned from the U.K., it can poison the well for decades.**

- a) Across the board, participants are enthusiastic about endowing children with investment accounts at birth with a significant initial deposit, but the details matter enormously to the success or failure of the accounts. In particular, many noted automatic enrollment is necessary but not sufficient for success—and if policy fails, it can poison the well for decades.
- b) In articulating potential obstacles, participants noted that this “individual account” model in the U.K.’s Child Trust Fund (CTF) policy, despite automatic enrollment, created a large number of “zombie accounts” (as one participant called them), which were never contributed to or even engaged with by families or young people. About 20% of accounts remain unclaimed, mostly those owned by young people from low-income families, even though they are eligible to access the funds. In other words, young people are leaving money on the table because they are not aware of the program.

2) **Creating the accounts in a pooled structure would be more effective and efficient than attempting to immediately open up millions of accounts across a range of financial institutions.**

- a) Many participants, across roundtables, thought some of the biggest challenges to success centered on the “individual account” or “retail” model, where individual accounts are opened and managed at individual financial institutions. Significant concerns were raised about (1) leaving out the lower-income children who would most benefit from the account, even in a model with automatic enrollment; (2) the “1,000 low-balance account problem,” meaning many financial institutions would not offer the accounts because of low (or lack of) profitability without additional deposits; and (3) the fees associated with sustainably holding the accounts would likely erode, if not erase, any investment returns realized.
- b) To grow accounts for families that do not engage with them, participants strongly recommended any federal early wealth building policy give the Secretary of the Treasury *the authority or option* of creating and “incubating” the accounts in some type of pooled or omnibus structure—one that would be housed at Treasury or contracted out to a private-sector firm—until they are “ready” for sustainable management by a wider array of private sector financial services firms.¹
- c) Furthermore, participants noted that, even with a pooled or omnibus structure, the account holder’s user experience would be the similar to an “Individual Account” model: As shown through several models throughout the country from Maine to Oklahoma to California, kids and youth could open up an app to see their balances; watch their money grow; receive quarterly or regular statements; and see contributions from families, foundations, and their parents’ employers.

¹ Fees would be low and funds would either be managed collectively (like with 529 plans that manage children savings accounts) or offer limited investment choices. Outside funds could be accepted and attributable to specific children or groups of children. At a certain balance and/or age level, funds could be rolled over to an after-tax financial product of the family’s choice. Families would receive regular statements and watch their money grow. Participants also noted that rolling the funds out to an existing financial product also addresses the challenge of managing distributions; the current proposal specifies allowable distributions but does not specify how they would be administered or enforced.

- 3) **Fees on accounts could erode investment returns—and ultimately erase account balances.**
 - a) Several participants had serious concerns that accounts that receive no subsequent contributions could be worth *less than \$1000* in real terms by the time the child reaches 18 because fees could outstrip investment growth.
 - b) Some participants suggested that fee caps may be necessary, but others argued that this would make it even less attractive for retail financial institutions.
- 4) **Children and youth from low-wealth families need additional funds to feel like owners.**
 - a. Across the board, participants want the accounts to work well for people from low-income families, especially through matching deposits that could be delivered via the tax system, which would also help with the profitability of the accounts.
 - b. Across roundtables, they noted third party contributions will be particularly important to building assets for young people from low-income families, and program design should make it practical for philanthropy and a range of other stakeholders to contribute to accounts and activate community leaders to support the program.
- 5) **No one should lose public benefits because of saving and building assets for their future.**
 - a) In multiple discussions, experts noted the importance of disregarding funds held in an early wealth account for eligibility for means-tested public assistance programs, such as SNAP and WIC, to ensure young people and their families maintain access to necessary support. They recommend that policymakers include this “asset disregard” in any proposal.
 - b) Many stated the need for policy that supports both income for immediate needs and assets for long-term goals.
- 6) **Investing in capital markets is crucial for growth, ideally in appropriately diversified vehicles.**
 - a) Participants strongly value investing funds in capital markets but were concerned about the prospect of a stock market downturn at the wrong time for a young adult, especially if the accounts are 100% allocated to U.S. equities.
 - b) Multiple times, including with investing experts from asset management firms, a 529-style target date fund came up as the most appropriate investment choice because it provides for asset class diversification by using fixed income securities (bonds) to dial down risk as the account owner gets closer to young adulthood. Many experts noted how essential it is to include fixed income as an asset class in an investment vehicle.
- 7) **External contributions are also critical, but potential contributors need clarity and simplicity.**
 - a) Some tax-exempt participants noted that by giving funds to a very large group in a block grant, organizations could potentially be seen as violating charitable purpose requirements and were eager to have clarity.
 - b) A few participants wondered if potential employer contributions would be widely adopted, given the demands and benefits employers are already responsible for. They especially noted concerns that contributions could potentially be in competition with 401(k) matching funds.
 - c) Several participants wanted to ensure that they would not hurt higher education financial aid packages for students from low-income households.
 - d) Another challenge participants identified was that people may not contribute to the accounts if 529s offer better tax benefits. Fewer higher balance accounts means less revenue to offset the high costs associated with lower balance accounts (the “\$1,000 low-balance account problem” mentioned above).
 - e) Some participants noted that outside contributions from tax-exempt and potentially other entities, if large enough, could counter that challenge if they are made.

8) In either a “pooled account” or “individual account” model, strong partnerships with trusted local and nonprofit organizations, and young people themselves, will be critical for success.

- a) Every roundtable elevated the importance of coordinating with local efforts and leadership to create a seamless experience for families and embed financial advising and education.
 - i) Center seamless and simple user experience
 - ii) Prioritize clear communication through a variety of channels and offer funding to the organizations to do this work, which we know from state and local examples can be costly. One roundtable participant noted, “You have to have an air game, a ground game, and something in the middle to reach families.”
 - iii) Embed financial education from the beginning. One participant shared: “The young people we serve want to receive financial advising and see this is as a useful vehicle.”
 - iv) Coordinate with local efforts and leadership to create a seamless experience for families. As one participant noted, “A federal program could be part of the capital stack for families, which is what we need.” And another from local philanthropy shared that “if the groundwork is laid for local partnerships it [federal early wealth building policy] might work.”

Conclusion

One of our major takeaways was the breadth and depth of engagement of the full range of experts and leaders who participated—from the private sector, philanthropy, and local non-profit organizations. They want to see a federal early wealth building policy that offers young people a meaningful stake in the economy, and they are eager to share their insights to make sure it succeeds. Throughout, they reiterated that for young adults to have an ownership stake in the economy, decades of evidence shows that they need to arrive at adulthood with the ability to have sufficient income for their day-to-day lives *and* meaningful sums of money for their futures.

We look forward to future discussions on what it will take to build early wealth building policy that will leave a lasting legacy for those who design and implement it and, most importantly, ensure young people enter adulthood with meaningful sums of money, making them better positioned to thrive and participate fully in the US economy as a result.

Appendix

Chatham House Rule Definition

When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

List of Roundtable Topics (ongoing)

- 1) Children's Savings Accounts - Wednesday, May 21, 2025
- 2) UK Child Trust Fund - Friday, May 23, 2025
- 3) Investment Vehicle Experts - Friday, May 23, 2025
- 4) Philanthropy - Friday, May 23, 2025
- 5) Banks and Credit Unions - Tuesday, May 27, 2025
- 6) Former Treasury Department Officials - Wednesday, May 28, 2025
- 7) Investment/Retail Brokerage Firms and Retirement Industry - Wednesday, May 28, 2025
- 8) Family Engagement and Policy Implementation - Friday, May 30, 2025

Additional 1:1 Conversations (ongoing)

- 1) Organizations with Experience Engaging Young People in Early Wealth Building