



# Wealth Inequality, the Tax Code, & Opportunity for Children

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*First Focus Children's Budget Summit, June 24, 2015*

# Why wealth and assets matter for children

# Why focus on building assets?

Income is necessary, but alone is insufficient for long-term financial stability and mobility

Assets matter economically, socially and psychologically

- Assets create a financial buffer to weather emergencies
- Promote success in the labor market
- Promote long-term thinking, planning and psychological well-being
- Enhance the well-being and life chances of children
- Increase the likelihood of going to and succeeding in college

It's not just what you earn, but also what you own.

# How well do we build assets?

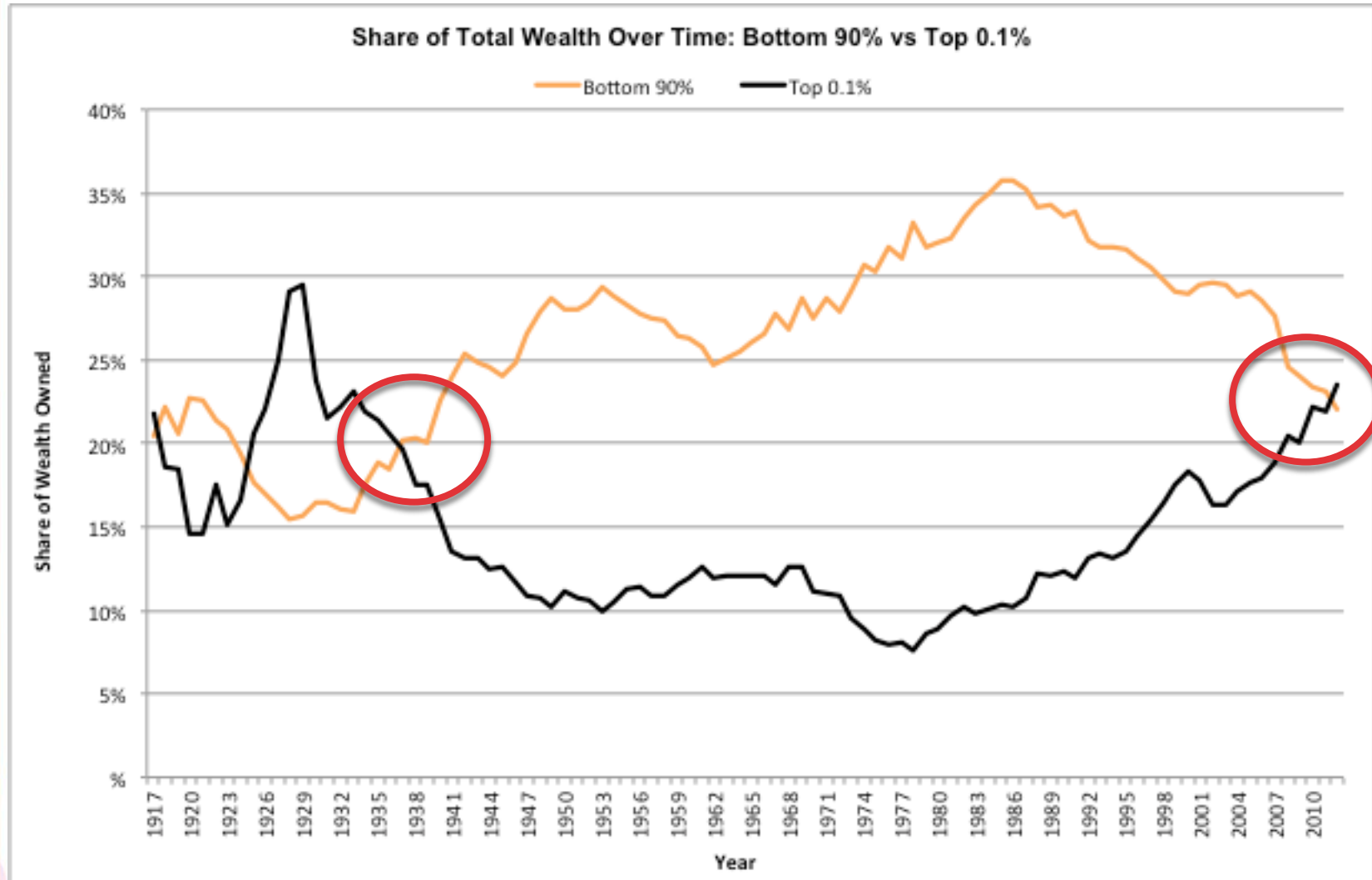


**44%** OF HOUSEHOLDS ARE  
LIQUID ASSET POOR  
IN AMERICA

ASSETS & OPPORTUNITY  
**SCORECARD**

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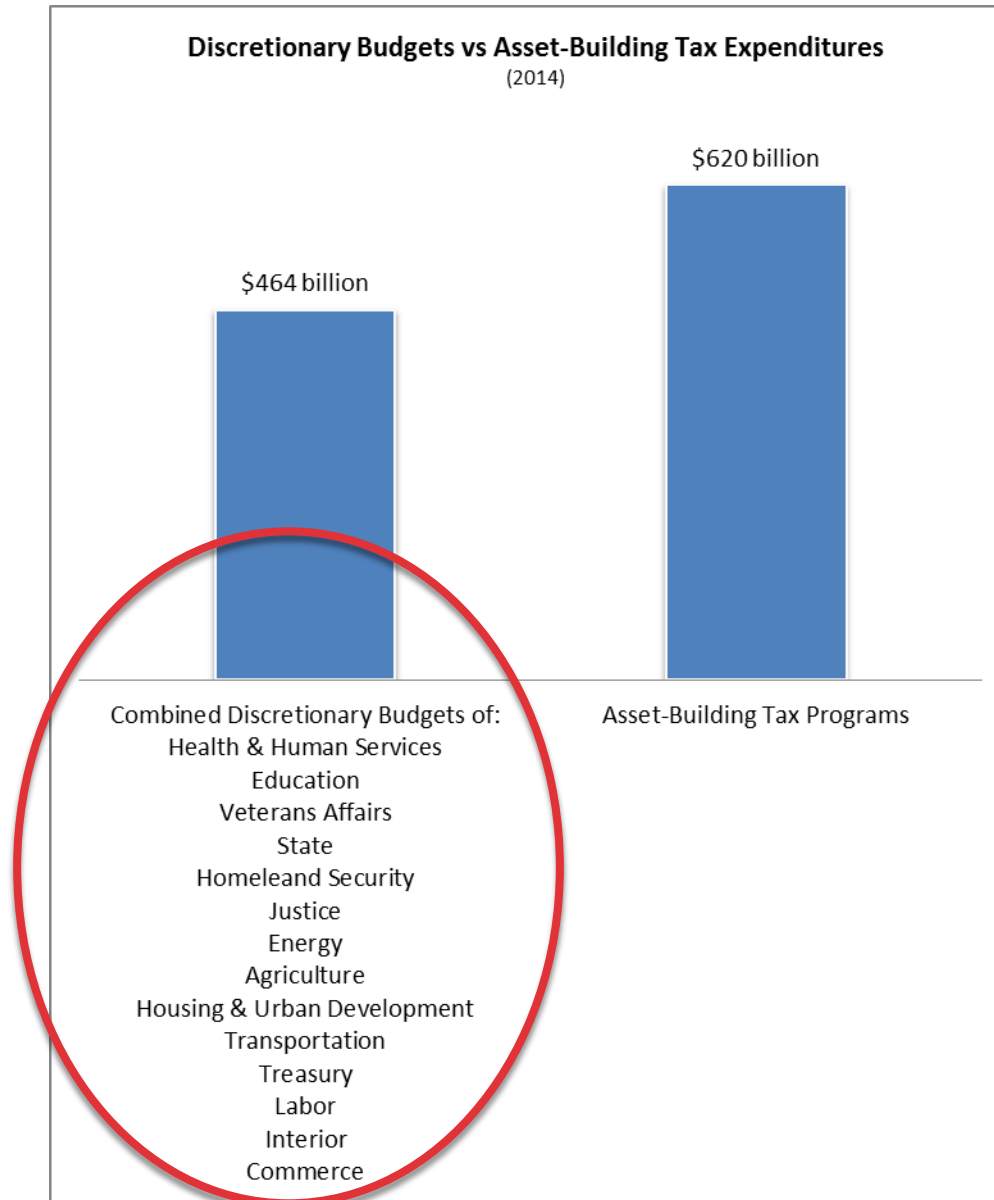
# How wealth inequality has grown



Source: Saez & Zucman, 2014

# How taxes affect wealth inequality

# Tax expenditures for building wealth in 2014



# Who benefits from these tax programs

The **top 1%** receive more support than the bottom 80% combined

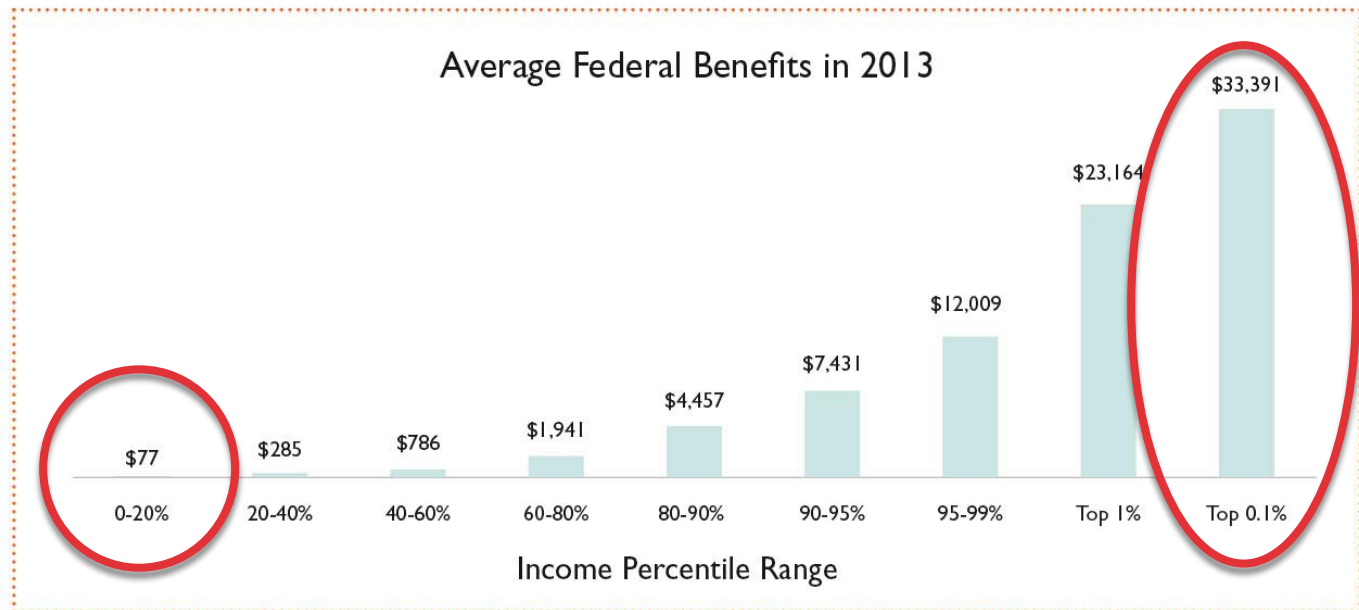


Author's analysis based data from the Urban Institute (2014) and Congressional Budget Office (2013). Includes roughly 60% of total federal spending on asset-building tax programs.



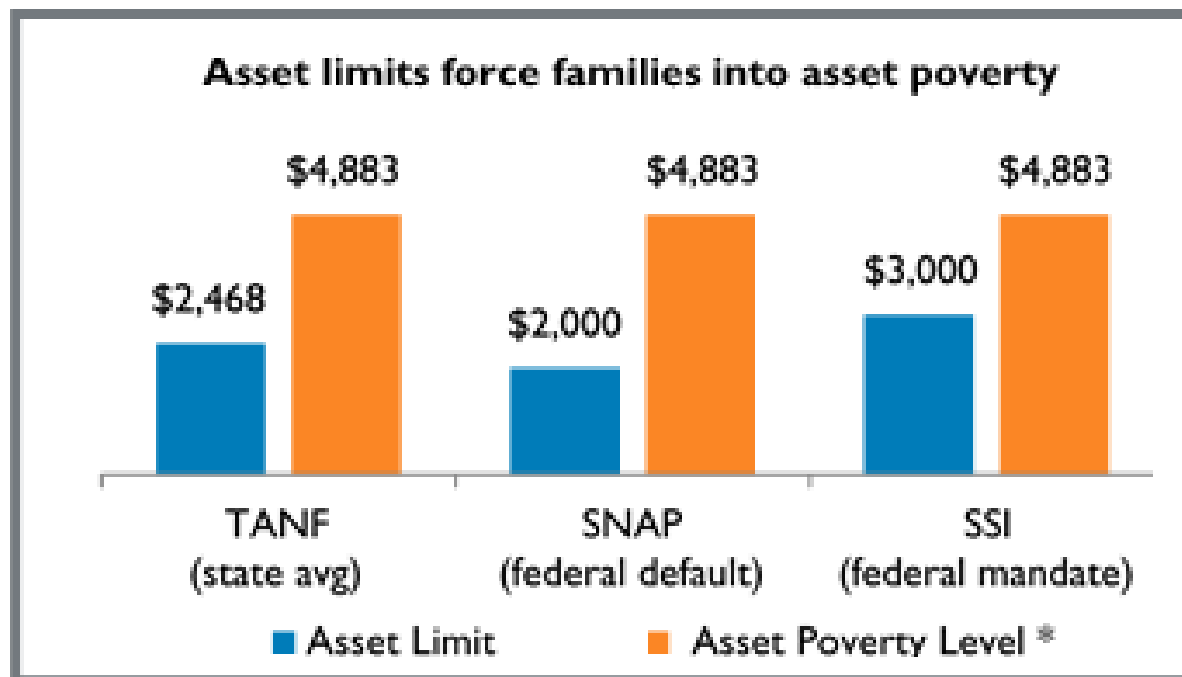
# Who benefits from these tax programs

**A top-income family could buy a Cadillac with their annual benefits**  
**A bottom-income family could barely fill the gas tank**



Author's calculations based data from the [Tax Policy Center](#) (2014). Includes selected tax programs for homeownership, retirement and higher education. Note that this analysis does not include any tax programs for investment and inheritances, which are even more upside down than other tax programs.

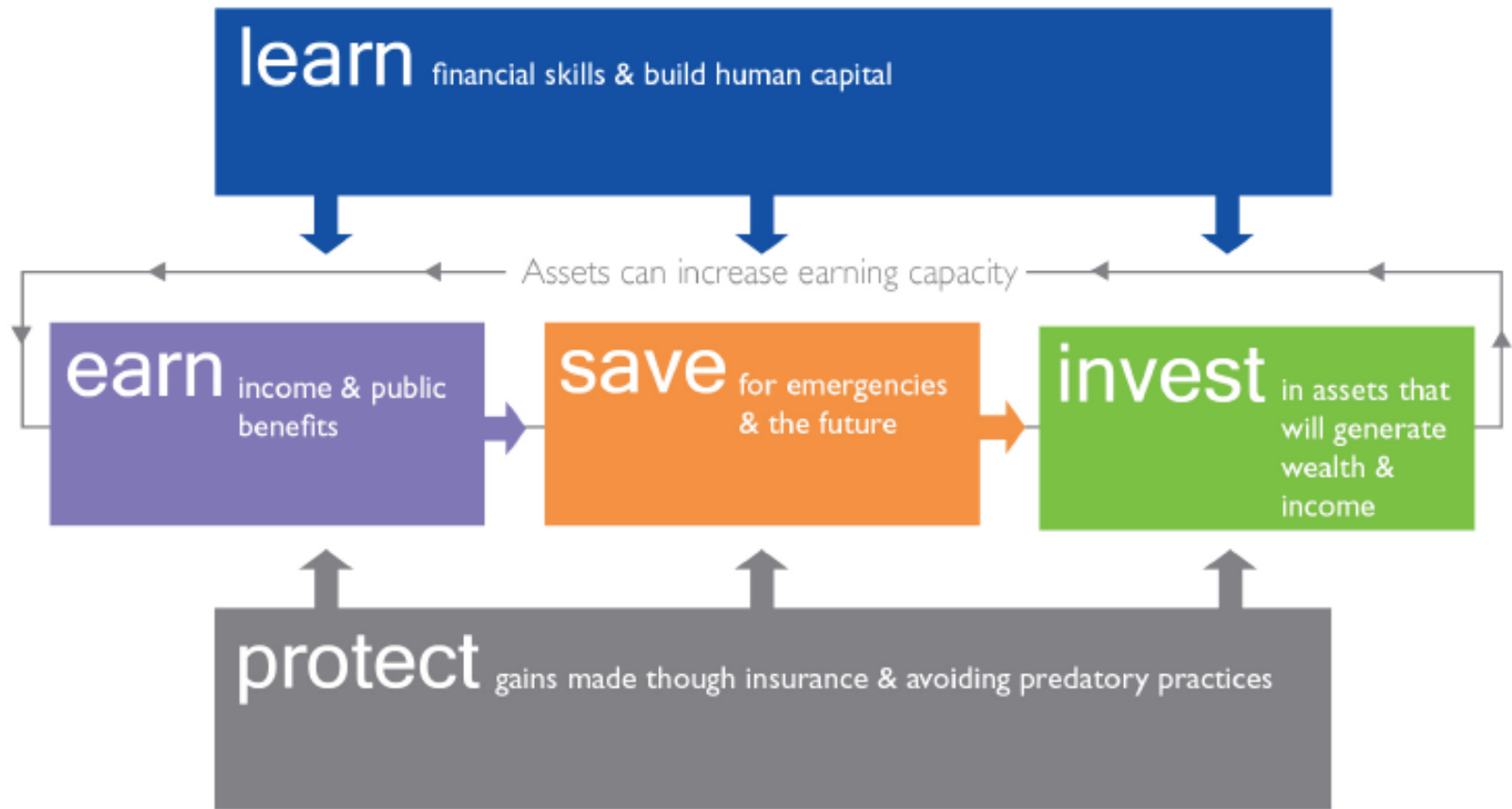
# Who benefits from these tax programs



# **What can we do to increase financial security and opportunity for children?**

# Household Financial Security Framework

What it really takes to build economic security over time



# Children's Savings Accounts

**Children's Savings Accounts (CSAs)** are a promising way to increase assets and college-going aspirations for children and their families. In their ideal form, CSAs are:

**Established for children as early in life as possible.**

**Seeded with an initial deposit and built by contributions from family, friends and children themselves.**

**Augmented by savings matches and/or other incentives and age-appropriate financial education.**

**Used for an asset-building purchase, such as higher education, at age 18.**



# Children, Assets & Educational Outcomes

## Key Research Findings

A low- or moderate-income student with just \$500 or less saved for college is:

**Three times** more likely to attend college and  
**four times** more likely to graduate from college



# Campaign for Every Kid's Future

Launched at Clinton Global Initiative (CGI) America in June  
2015



**Every kid deserves a  
shot at a brighter future.**

We're working to connect  
**1.4 million kids** with a savings  
account for higher education  
by 2020.



campaign for every  
kid's future

#savingsforkids

# Five Takeaways

- 1. Wealth matters for kids' success**
- 2. Wealth inequality is extreme and growing**
- 3. Spending on tax programs to boost wealth is enormous**
- 4. This spending is upside down, exacerbating wealth inequality**
- 5. Reforms like universal CSAs can address the trend**

