

**ASPIRE Act Would Establish KIDS Accounts to Help Children Save Money for College, Homeownership, and Retirement**

**Schumer: 'Win-Win Proposal Will Help Foster a Generation of Responsible Savers'**

**Press Release**

**October 3, 2007**

October 3, 2007 -- WASHINGTON, DC—Today, U.S. Senator Charles E. Schumer was joined by a bipartisan coalition of legislators and advocates to unveil legislation creating personal savings accounts for all Americans at birth. The America Saving for Personal Investment, Retirement and Education (ASPIRE) Act of 2007 would create a “KIDS” account for each American newborn child to help him or her save for college, homeownership and even retirement. For low-income families, funds placed into the account would be matched by the government.

“The widening gap between rich and poor has a chilling effect in savings rates, because people save more as their income rises,” Schumer said. “Starting Kids Accounts at birth, with matching funds from the government for the first \$500 saved every year will give low-income families a much-needed boost.”

The bill would create a special Kids Account Fund within the U.S. Treasury. At birth, each American newborn would automatically have a personal savings account opened in his or her name when a Social Security card is issued. Once the account is created, the government would make an automatic transfer of \$500 to the personal account. Children from low-income families would also be eligible to receive a one-time supplemental contribution of up to \$500 if their household income is below the national median. Children from families whose income is up to 100% above the national median would also be eligible for a one-to-match match on private contributions to their accounts until the accountholder turns 18 years of age. The bill would develop programs to promote the financial literacy of all account holders.

“Democrats and Republicans should be united behind this idea,” Schumer said. “This is the best proposal for increasing the investor class in the long term.”

Schumer has a history of championing the creation personal savings accounts. In the last session of Congress, Senator Schumer was an original co-sponsor of the ASPIRE Act of 2005. The bipartisan bill was lead by then-Senators Jon Corzine (D-NJ) and Rick Santorum (R-PA.) Senator Jim DeMint (R-SC) was also an original cosponsor of the bill in 2005.

Source: Senator Charles E. Schumer