



2018

Asset Building as Social Investment

Michael Sherraden

Washington University in St. Louis, SHERRAD@WUSTLE.EDU

Follow this and additional works at: <https://scholarworks.wmich.edu/jssw>

Recommended Citation

Sherraden, Michael (2018) "Asset Building as Social Investment," *The Journal of Sociology & Social Welfare*: Vol. 45 : Iss. 4 , Article 4.
Available at: <https://scholarworks.wmich.edu/jssw/vol45/iss4/4>

This Article is brought to you for free and open access by the Social Work at ScholarWorks at WMU. For more information, please contact maira.bundza@wmich.edu.



Asset Building as Social Investment

Michael Sherraden

Washington University in St. Louis

Prologue

Jim Midgley has made wide and lasting contributions to scholarship in social work, social policy, and social development in the United States and in the world. Following his training at London School of Economics under Richard Titmuss, and escaping Thatcherism in the United Kingdom, he arrived in the United States as the Dean of the School of Social Work at Louisiana State University. Very shortly afterward he connected with Margaret Sherraden and me, and he has been a valued colleague ever since. Dr. Midgley soon became Vice Chancellor for Research at LSU, and a few years later accepted an appointment as Harry and Riva Specht Professor of Public Social Services and Dean of the School of Social Welfare University of California, Berkeley. Trained in European scholarship, Jim Midgley has brought much needed historical, comparative, and interpretative perspective to social welfare scholarship in America (where we are more inclined to count and a bit less inclined to think). He has the most extensive network of academic relationships of anyone I know, and he has been a very productive organizer of academic events in the United States and abroad. He contributes to on-going inquiry and discourse in social development on a global scale. On a personal level, Jim and his lovely wife Dija have been cordial and welcoming for decades; they are dear friends. In writing this paper, I am very pleased to add my voice in Jim's honor.

Inclusive asset building as a social policy innovation is a relative "new-comer" in policy discussions and research. The context is that since the middle of the 20th century, many countries implemented asset-building policy that is not inclusive, serves mostly the well-off, and is highly

regressive. In the United States, for example, the largest policy mechanisms are in tax benefits for home owning and saving for retirement. Altogether in the United States, such policies transfer about \$500 billion dollars per year to the non-poor, most of this to the top 10%. This of course exacerbates inequalities in wealth and social development. In contrast, ideal features of an inclusive asset building policies are universal, lifelong, and progressive. Everyone would build assets, with higher public subsidies to the poor than to the rich. The main policy instrument would be a system of accounts where assets accumulate, to be used for a wide range of social purposes, including education, housing, health, and retirement security. Ideally accounts would begin at birth, and serve multiple purposes across the life course. Rationales for this policy innovation include both economic security and positive development effects of asset accumulation. Results of rigorous research are promising. Policy pathways and potential are considered in this paper.

Keywords: asset building, social policy, social investment, income support

Why Inclusive Asset Building?

Income support may not be a sufficient policy to achieve stability and development of families and communities. Income is the typical metric for evaluating economic well-being, and has been the defining strategy for the “welfare state” in the 20th century. To be sure, a flow of resources over time supports consumption, but it may not be sufficient for well-being. The underlying assumption has been that most households will be supported by wages from industrial labor markets, and income support policies will fill the gaps—for the old, the disabled, death of a wage earner, and so on. However, this may no longer be the case for millions of households in advanced economies. Two factors are critical: (a) increased globalization and international competition that overall puts pressure on income from employment; and (b) information age technology is eliminating jobs and may eliminate many more in the years ahead. As a result of these trends, labor income is less adequate and less stable. Indeed, worldwide, a declining proportion of total economic product is going to labor and a growing portion is going to capital. This large pattern of resource flows has greatly exacerbated income and asset inequality (Piketty, 2014). To summarize

succinctly, the assumption that labor income can and will support the well-being of most households is increasingly tenuous. Thus, it makes sense that more countries today are exploring alternatives. Major alternatives include universal basic income support, large-scale public employment, and inclusive asset building. This paper takes up inclusive asset-building and the potential of asset-based social policy (e.g., Organization for Economic Co-operation and Development, 2003). Assets also matter for well-being, independent of income (Sherraden, 1991). Assets are the “stock” of resources that enable people to finance irregular expenses, purchase large-ticket items, weather financial crises, and most important of all, invest in long-term development through education, training, home ownership, business ownership, financial securities, and so on.

Asset building can contribute to household development

For families to develop, it is necessary to accumulate resources for investments in education, skills, property, and enterprise. This is true for all families, rich and poor alike. Asset building creates material conditions, as well as outlooks and behaviors, that promote household stability and development (Sherraden, 1991). Assets enable people to make investments that expand their capabilities and improve their circumstances over the long term—for example, investments in education, homes, or enterprise (Paxton, 2001). The capacity to invest in one’s self and one’s family has become even more important in today’s rapidly changing knowledge-based global economy (Sherraden, 2014).

Assets are important because they provide resources and security for daily living, and serve as a form of insurance by enabling people to weather crises and meet irregular expenses. Assets also enable people to invest in education, homes, small businesses, and other opportunities that support development over the long term (Sherraden 1991, 2014). There is widespread belief and a growing body of evidence that holding assets changes a person’s attitudes and behaviors in positive ways. Many studies now show that financial assets and homeownership are positively associated with children’s educational attainment and emotional and behavioral well-being, probably at least in part

because assets change expectations about the future (see Elliott & Beverly, 2011; Huang, Sherraden, Kim, & Clancy, 2014; Kim, Sherraden, Huang, & Clancy, 2015; Nam, Kim, Clancy, Zager, & Sherraden, 2013; Shanks, Kim, Loke, & Destin, 2010; Sherraden et al., 2015). A growing body of research documents that early investments in children can have a large economic payoff (e.g., Heckman & Masterov, 2007), and Singapore provides a policy example of asset-based investments in children (Loke & Sherraden, 2009).

There is growing recognition that income alone is insufficient to provide for well-being, even economic well-being. Sen (1993) and others are looking toward capabilities. Asset-based policy can be seen as part of this larger discussion, as one strategy to build long-term capabilities. As public policy, asset building may be a form of "social investment" (Midgley, 1999; Sherraden, 1991, 2003a). From this perspective, inclusive asset-based policy is a complement, not a tradeoff, to income-based policy.

Asset-Based Policy as Social Investment

In *Assets and the Poor* I introduced the concept of inclusive asset-based policy, and proposed a new perspective on policy as social investment: "Therefore, we should think about welfare policy not solely as support but also as investment" (Sherraden, 1991, p. 13). Adding, "asset-based welfare, in a very important sense, is not a cost, but rather a system of *investment*" (p. 267), and concluding:

It is probably a strategic error to think about welfare policy for the poor as a separate residual function. Such policy should be integrated with the major social, economic, and political purposes of the nation. In essence, assistance to the poor should not be viewed entirely in humanitarian terms, but also as an investment in the future. This is not to abandon the ideas of need and caring, but simply, in addition, to recognize and articulate that well-being and productivity of the poor are in the economic and social interests of the nation as a whole (p. 301).

At Jim Midgley's request, I joined with him on a chapter in an educational project entitled *Controversial Issues in Social Policy* (1993). Our chapter in this book is "Can asset based policy really help the poor?" I took the "yes" side and Jim took the "no" side.

Projects like this make us (and we hope make the readers) think. I concluded my section under the heading “A new direction in social policy: Social policy as investment,” saying: “Social policy should invest in the American people—and encourage them to invest in themselves—so that they can become stakeholders and active citizens” (Sherraden, 1993, p. 87). I later developed this theme again in “From Social Welfare State to Social Investment State” (Sherraden, 2003a, 2003b):

The welfare state at the start of the 21st century appears to be in the midst of a transformation. The original consensus was that, if the market economy was sufficiently productive, it could be taxed to support social expenditures. These social expenditures were assumed to be a diversion of capital from production and a drag on economic growth.

Today, the assumed competition between social protection and economic growth is being challenged. There is increasing recognition that social spending for some purposes and/or in some forms can contribute to both economic growth and social development. Reflecting this, the best social policy alternatives will move beyond the idea of consumption-as-well-being, toward what Amartya Sen identifies as capabilities. Building people’s assets is one policy pathway to both increase capabilities and eliminate the trade-off between economic growth and social development in the process. Consistent with this perspective, social policy in the 21st century may have three major goals:

(a) *Social protection goals.* To buffer hardship and promote social stability has been the primary – almost exclusive – theme of 20th century welfare states. The focus is on standard of living, coverage, and adequacy and minimum protections at the bottom. This is social welfare defined in terms of income and consumption;

(b) *Development goals.* Promoting the economic and social development of families and households and their active participation in work, community and civic affairs may become as important as social protection goals; and

(c) *Macroeconomic goals.* Increasingly, social policy will be formulated with macroeconomic considerations in mind,

including counter-cyclical spending, fiscal stability, savings and investment, and economic growth.

In other words, social policy appears likely to move beyond consumption support, aiming for greater social and economic development of households, communities, and the society and economy as a whole. An active social policy that promotes engagement is better suited to the post-industrial economy...New thinking and new calculations on the part of government will be required. In the Social Investment State, there is not necessarily a trade-off between redistribution and growth. Promoting and subsidizing asset holding by the poor can contribute to growth in the long term.

Asset Building: Toward Inclusive Policy

In contrast to the limited and regressive asset policy currently in place in the United States, comprehensive asset building policy would be universal, progressive, and lifelong (Sherraden, 2014).

Universal. Under *universal* policy, there is full inclusion: everyone participates. Full inclusion cannot be achieved without automatic enrollment and automatic deposits that are not contingent upon family deposits (Beverly, Kim, Sherraden, Nam, & Clancy, 2015b; Clancy, Beverly, Sherraden, & Huang, 2016; Clancy & Sherraden, 2014). If participation is voluntary, requiring people to enroll, a higher proportion of advantaged families will participate and benefit. If asset accumulation depends primarily on family deposits (as in the defined contribution programs described above), advantaged families will receive nearly all of the subsidies. In current policy, more than 90% of the subsidies go to the top 50% by income (Howard, 1997; Sherraden, 1991; Woo, Rademacher, & Meier, 2010). This is true for asset building policies for all purposes, whether for home owning, retirement, college expenses, health care, or other purposes. In contrast, automatic enrollment (with the ability to opt out) and automatic deposits extend the benefits of asset holding and asset subsidies to everyone, regardless of socioeconomic status. In fact, automatic features have larger impacts on disadvantaged families.

Progressive. Under *progressive* policy, the poor would receive greater public support than the nonpoor. Good governance might define policy for the people who most need the support

and services (disability benefits for the disabled, retirement support for older adults, and so on). In asset building policy, however, we do just the opposite—we have constructed the policy to make the rich richer. This is an ineffective use of public resources. If U.S. policy is supporting asset building, at a minimum policy should be *fair* (in the sense of the same dollar amount for all). And ideally, the policy would be *progressive* (more for those who are most in need).

Under *lifelong* asset building policy, investment accounts would be opened early—ideally at birth—and would follow them into retirement. Opening accounts early is important for many reasons. First, asset accumulation is a long-term process. Over time, regular deposits—even small ones—can result in significant asset accumulation. Second, opening accounts and providing subsidies early allows families to benefit from investment earnings so assets may grow substantially even if families do not contribute. Third, asset holding appears to affect attitudes and behaviors in positive ways, and it seems helpful to initiate these changes early. An early start also provides an opportunity to build financial capability in households, which establishes a foundation for positive financial functioning and asset building throughout life (Sherraden, M.S, 2013; Sherraden, M.S. & Grinstein-Weiss, 2015).¹

Two Initiatives in Asset-based Policy in the United States

Individual Development Accounts

As a response to regressive policy, Individual Development Accounts (IDAs) were proposed as a universal and progressive asset-building policy (Sherraden, 1991). As originally proposed, IDAs would include everyone, provide greater support for the poor, begin as early as birth, and be used for key development and social protection goals across the lifespan, such as education, home ownership, business capitalization, and retirement security in later life. Although proposed as a universal and life-long concept, IDAs have been implemented so far as a targeted and short-term policy for low-income adults. (In the typical IDA program, individuals open and save in a restricted bank

account and earn 1:1 or 2:1 matches if withdrawals are used for postsecondary education, homeownership, or small business development.) Why did this occur? New ideas must enter and compete in the always challenging arena of policy-making. IDAs in this version were what was possible to do at the time. Thus, IDAs as targeted and short-term asset building have been in a demonstration mode for two decades, with many variations in the United States and other countries. We have learned a great deal during this demonstration process (see Lessons from Implementation and Research below). But this is far from a comprehensive asset-based policy.

Child Development Accounts

The next challenge was to return to the original concept of universal and lifelong asset-building. Child Development Accounts (CDAs) are savings or investment accounts supporting asset accumulation for developmental purposes and life course needs. Under the policy vision articulated by Sherraden (1991, 2014), the federal government would automatically open an account for every newborn and provide a substantial initial deposit (e.g., \$500 to \$1,000). Low- and moderate-income children would receive additional automatic deposits at certain milestones like entering kindergarten and graduating from high school, and public or private funds would match deposits by parents and others into the accounts of low- and moderate-income children. Accounts would eventually follow individuals throughout the life course, supporting asset accumulation for postsecondary education, home purchase, small business development, and retirement security. That is, CDAs would become universal, progressive, and lifelong.

CDAs have been implemented at national, state, and local levels. Singapore has the oldest and most comprehensive asset building policy (Sherraden, Nair, Vasoo, Liang, & Sherraden, 1995), including CDA accounts, deposits, and savings matches supporting asset accumulation for education and children's health-related expenses (e.g., Han & Chia, 2012; Loke & Sherraden, 2009). In 2016, Singapore substantially expanded its CDA policy, increasing the cash gift and providing a new automatic deposit for preschool and early childhood expenses when parents open a special account. Other countries with national CDA

policies include Canada (for postsecondary education; low- and moderate-income children receive subsidies), Korea (for postsecondary education, housing, small business development, medical expenses, or wedding expenses; children in the child welfare system and some children in families receiving welfare are eligible), and Israel (initially for postsecondary education, homeownership, small business development, and wedding expenses; beginning in 2017, all newborns will automatically receive accounts and monthly deposits). The United Kingdom had a universal and progressive CDA from 2005 to 2010; it was eliminated as a budget-cutting measure in an “austerity” response of the newly formed UK coalition government in 2010 (Loke & Sherraden, 2009).

In the United States, legislation to create a national CDA policy has been introduced in several sessions of Congress, notably through the America Saving for Personal Investment, Retirement, and Education (ASPIRE) Act (Cramer & Schreur, 2015) and more recently through the USAccounts: Investing in America’s Future Act (U.S. Congress, H.R. 4045, 2015). Also, in early 2016, 4 states (Connecticut, Maine, Nevada, and Rhode Island) had statewide CDAs, with more in discussion (Clancy & Beverly, 2016). The most comprehensive statewide CDA policy is in Maine, where every resident newborn automatically receives a \$500 grant for postsecondary education and every child is eligible for up to a \$300 annual match on savings deposited into a state 529 account (Clancy & Sherraden, 2014).² A number of U.S. cities and localities also have child accounts. Perhaps best known is the Kindergarten to College (K2C) program in San Francisco, which aims to include all public school children (Phillips & Stuhldreher, 2011).

Lessons from Implementation and Research

IDAs were rigorously examined in the American Dream Demonstration (ADD), an experimental, longitudinal, and multi-method study (see, e.g., Mills, Gale, Patterson, & Apostolov, 2006; Schreiner & Sherraden, 2007; Sherraden et al., 1999; Sherraden et al., 2005; Sherraden & McBride, 2010). Analysis of account data shows clearly that some low-income people will save in a structured and subsidized savings program. Over 36 months, IDA participants saved an average of \$17 a month or

about \$200 per year. The average participant made a deposit in about half of the months that her IDA was open and deposited about 42 cents for every dollar that could have earned a match. A diverse group of low-income people saved in IDAs. Participants' saving was influenced by match rates, match caps, time caps, and other program rules (Schreiner & Sherraden, 2007). At the end of the experiment, the IDA program had a positive impact on homeownership rates. This relationship was mediated through debt reduction (Grinstein-Weiss et al., 2008).

Six years after the IDA programs ended, researchers followed up again with participants in the Tulsa experiment and compared outcomes for those in the treatment group to those in the control group (Grinstein-Weiss et al., 2012, 2013a, 2013b, 2015). Because these two groups were formed through random assignment, differences in outcomes can be attributed to the IDA program. The programs had positive impacts on two of five IDA uses: First, rates of enrollment in educational programs were higher in the treatment group than in the control group. Moreover, this difference in educational participation was larger for males than for females (Grinstein-Weiss et al., 2013a). Second, the program had a positive impact on home repair (Grinstein-Weiss et al., 2012). In addition, although the impact of homeownership was no longer significant at the six-year follow-up for the full sample, for participants with above-median income, there was a positive impact on homeownership rate and duration (Grinstein-Weiss et al., 2013b). In another randomized experiment in Canada, IDAs for education and small business development had positive impacts on financial management, self-reported saving behavior, attitudes about education, enrollment in postsecondary education, and microenterprise start-up (Leckie, Hui, Tattrie, Robson, & Voyer, 2010).

In-depth face-to-face interviews with IDA participants shed light on people's perceptions of IDAs and saving and help us interpret quantitative findings about participation and impact. Rigorous analysis of data from interviews with ADD participants shows that, while saving was very difficult, participants wanted to save and appreciated having a structured savings program with incentives, financial education, and other support. And account holders described noteworthy cognitive and psychological effects. For example, some of the participants who successfully saved reported feeling that they had more control

over their lives and more confidence in their ability to make decisions and plans for themselves and their children (Sherraden et al., 2005; Sherraden & McBride, 2010).

Looking back after several years, and assessing all the evidence and experience, Sherraden (2014, pp. 270–271) suggests these as important lessons from ADD and other studies of IDAs: (1) the poor can save when they have structures and incentives to do so; (2) saving is explained mostly by institutional arrangements, as in a 401(k) plan; (3) individual behavior is not enough: there has to be a structured platform and plumbing; (4) it is much easier to build on an existing policy platform rather than try to create a new one (in retrospect, we were quite naïve not to see this at the outset); and (5) as theorized in *Assets and the Poor*, it is asset accumulation that matters most for outcomes in well-being. In sum, asset-based policy is not all about improving choices, behaviors, and other characteristics.

Because CDAs are a comprehensive asset-building policy, lessons about their implementation and impact are especially valuable. The SEED for Oklahoma Kids (SEED OK) experiment, which began in 2007, is the most rigorous study of CDAs to date. Research methods include probability sampling from a full state population, random assignment to treatment or control group, and multiple data sources including surveys, extended in-person interviews, and account information provided by the account manager, not self-reported by participants (Nam et al., 2013; Zager, Kim, Nam, Clancy, & Sherraden, 2010). The CDA in SEED OK has characteristics recommended by CDA proponents, including automatic opening and automatic initial deposits for all and progressive subsidies to support asset accumulation by low- and moderate-income families.

The CDA in SEED OK was the first fully inclusive CDA in the United States, that is, the first to provide accounts and assets to *all* children (in this research case, all children in a randomly selected sample and randomly assigned treatment group). SEED OK achieved full inclusion through automatic account opening and automatic initial deposits. One of the strongest findings from CDA research thus far is that full inclusion cannot be reached without these automatic features (Beverly et al., 2015b; Clancy et al., 2016; Nam et al., 2013; see also Clancy & Sherraden, 2014). The fact that parents and children did not have to “do” anything to receive accounts and initial deposits does not

make achieving full inclusion any less meaningful. CDAs are a population intervention, like an urban plumbing system providing water to all residents (Clancy et al., 2016). And, as Beverly, Clancy and Sherraden (2016, p. 8) note, "Demonstrating full inclusion paves the way for widespread participation in asset building and more equitable distribution of public resources."

Another early lesson from SEED OK is that creating an asset-building program on an existing centralized platform, such as a 529 plan, has many benefits (Clancy, Sherraden, & Beverly, 2015). Centralized recordkeeping and investment create efficiencies and allow for all to be included. (It would be very difficult for multiple local programs to achieve full inclusion.) In addition, including the full population in a single platform allows larger, more profitable accounts to subsidize smaller, less profitable accounts, and this helps make a fully inclusive policy financially viable for asset managers. IDA demonstrations reveal the value of using an existing platform rather than creating a new one, so it is important to emphasize that the 529 platform exists, and experience shows that it can be adapted for CDAs. Also, unlike basic bank savings accounts, 529 investment accounts have the potential for market growth (and the risk of market losses), and SEED OK research demonstrates the common-sense notion that all households can benefit from asset growth (Beverly, Clancy, Huang, & Sherraden, 2015a). In short, the 529 platform can be viewed as public resource that, with some adaptations, can benefit everyone.

Turning to findings about the impact of CDAs over time, because so few children have college accounts and college savings without a CDA, the CDA in SEED OK has very large impacts on account holding and asset holding, especially for disadvantaged children. Also, as expected, the CDA eliminates or greatly reduces variation in account holding and CDA asset holding by socioeconomic status; that is, it reduces asset inequality early in life (Beverly et al., 2015b). The CDA also increases the likelihood that parents themselves save for their children's future college expenses, and this is true in both advantaged and disadvantaged families (Beverly et al., 2015b). The CDA in SEED OK also has positive impacts on mothers' expectations for their children's education, mothers' mental health, and child social-emotional development. Again, the effects of the CDA are often larger for disadvantaged children, which seems to be largely

due to the automatic features of the CDA, and not to parental saving behavior (Huang et al., 2014a, 2014b; Kim et al., 2015).

In the United States, CDAs have been proposed at the federal level several times, typically with bipartisan support. The America Saving for Personal Investment, Retirement, and Education (ASPIRE) Act has been introduced in many sessions of Congress (Cramer, 2009; Cramer & Schreur, 2015), and the US-Accounts: Investing in America's Future Act was introduced in 2015 (H.R. 4045, 2015). Both proposals would open an account and provide an initial deposit for every newborn in the country. Both would provide a progressive savings match. Funds could eventually be used for postsecondary education, homeownership, and retirement security. The potential for a national policy in the United States may increase, with innovations now occurring in U.S. states and cities (see examples below).

At this writing, there are four statewide CDAs in the United States (Clancy & Beverly, 2017). These policies are important because they extend the benefits of account holding and asset holding to many families. These state CDAs are also important because they serve as testing grounds, providing lessons and perhaps inspiration for a nationwide CDA program. All four of the statewide CDA programs support asset accumulation for postsecondary education and training. All are built on their state's college savings plan. (College savings plans, commonly called "529 plans," were authorized by the federal government in 1996 to encourage families to save for postsecondary education. They provide tax-advantaged investment accounts with a limited selection of investment options [Clancy, Lassar, & Taake, 2010; Clancy et al., 2015].)

The oldest and most comprehensive statewide CDA program is in Maine. This program—which is privately funded—was piloted in 2008, was offered statewide in 2009, and became universal and automatic in 2014. Now, every resident newborn automatically receives a \$500 grant for postsecondary education. Personal savings deposited into the state's 529 plan are matched at a 50% rate up to an annual maximum of \$300. Match money is deposited automatically, regardless of family income, and there is no lifetime maximum (Clancy & Beverly, 2017; Clancy & Sherraden, 2014; Huang et al., 2013). The decision to make account opening, initial deposits, and matching deposits automatic—which came after CSD research and consultation

led by Margaret Clancy—created the first fully inclusive CDA in the United States (Clancy & Sherraden, 2014).

Informed by the development and implementation of Maine's program, Rhode Island, Nevada, and Connecticut have also created statewide CDA programs. In Rhode Island, parents enroll their newborn children by checking a box on a form used to register birth certificates. Enrolled children automatically receive a \$100 initial deposit; there are no additional incentives. Nevada automatically enrolls every public kindergarten student and deposits \$50 into a master account. If parents (or others) open a 529 account for them, then low- and middle-income children are eligible for a savings match on deposits into this account. Connecticut provides a \$100 initial deposit and a small savings match, but only if parents (or others) open a 529 account and enroll their child in the CDA program (Clancy & Beverly, 2016). Other states are considering CDA programs, including Vermont, which passed a law creating CDAs in 2015, but has not yet appropriated funds. CSD continues to work with State Treasurers in many of the states. SEED OK research results (see below) have been extraordinarily important in influencing universal state CDA policies.

In addition to these statewide programs, the city of San Francisco has a large CDA program. Every public school kindergartner automatically receives a savings account with a \$50 initial deposit. Children who receive free and reduced-price lunch receive an additional \$50 deposit (Phillips & Stuhldreher, 2011). St. Louis City recently launched a CDA for all kindergartners in public and charter schools (see Office of Financial Empowerment, n.d.). In late 2016, New York City announced plans to begin an inclusive CDA policy (NYC.gov, 2016.) Other U.S. cities are making similar plans.

In sum, research on CDAs provides more evidence that asset holding changes attitudes and behaviors, even, notably, if people do not "do" anything to receive accounts and deposits. This broad finding makes the observations about achieving full inclusion through automatic features and creating efficiencies by using a centralized platform all the more valuable. There is a substantial body of evidence that asset holding matters, and research on CDAs shows how to extend the benefits of asset holding to all, regardless of socioeconomic status.

Pathways and Potential

It is not possible to predict where this will lead. Advantages of asset building include the following: it is simple and clear, is flexible and adaptable, has multiple positive outcomes, and often enjoys widespread political appeal and acceptance. A considerable disadvantage of current asset-based policy is that it is very regressive. The goal should be a universal, progressive, and lifelong asset-based policy. If every person and household has assets to provide for social protections and invest in future development, this would contribute to improved life chances and reduced inequality, which are core values in social work.

Until recently, it was relatively uncommon to talk about asset holding in poor families. But all families, and especially resource-constrained families, can benefit from holding assets—both to support consumption when income decreases or expenses increase and to take advantage of opportunities to improve well-being over the long-term. A large and growing body of evidence suggests that asset holding improves well-being in a variety of ways—in part by changing people's outlook. Early evidence from the SEED OK experiment suggest that assets have positive impacts, even if individuals receive asset transfers rather than accumulate assets by personal saving. In other words, the important policy lesson is *asset building* more than saving behavior.

Given the identified benefits of asset holding, extreme asset inequality in many countries is problematic. The fact that public policies often heavily subsidize asset accumulation in wealthy households while providing little support for—or even penalizing—asset accumulation in poor households is unjust and counterproductive. Better asset policy would support the *asset accumulation of all*, with extra subsidies and supports for those least able to accumulate assets on their own.

We cannot predict the future of asset-building policies, for which CDAs are a necessary first step. But as we move out of the industrial era, and into a more globalized, information-era economy, it seems likely that social policies will be shifting to address new realities. These realities unfortunately include rising income and asset inequality in most countries. In this context, the emergence of universal, lifelong, and progressive asset building might play a positive role in reducing inequality,

ensuring household stability, and promoting social and economic development for all families. These are social work goals, and we may take some pride in the fact that most of the U.S. and international research on CDAs to date, and much of the policy and program influence, has been led by social workers.

Endnotes

1. To give proper credit, the citations for Sherraden, M.S. refer to Margaret Sherraden. When we are both listed as “Sherraden, M.” I mistakenly get credit for the excellent scholarship of Margaret. It is never the other way around, and that is another important discussion.
2. 529 plans, also known as College Savings Plans, are named after a section of the Internal Revenue Code. These plans offer tax-preferred investment accounts for college savings. Every state has at least one 529 plan. See www.savingforcollege.com.

References

- Beverly, S., Clancy, M., Huang, J., & Sherraden, M. (2015a). The SEED Oklahoma Kids Child Development Account experiment: Accounts, assets, earnings, and savings. *CSD Research Brief*, 15–29.
- Beverly, S. G., Clancy, M. M., & Sherraden, M. (2016). *Universal accounts at birth: Results from SEED for Oklahoma Kids* (CSD Research Summary No. 16-07). St. Louis, MO: Washington University, Center for Social Development.
- Beverly, S. G., Kim, Y., Sherraden, M., Nam, Y., & Clancy, M. M. (2015b). Can child development accounts be inclusive? Evidence from a statewide experiment. *Children and Youth Services Review*, 53, 92–104. doi:10.1016/j.childyouth.2015.03.003
- Clancy, M. M., & Beverly, S. G. (2017). *Statewide Child Development account programs: Key design elements*. (CSD Policy Report 17-30). St. Louis, MO: Washington University, Center for Social Development.
- Clancy, M. M., Beverly, S. G., Sherraden, M., & Huang, J. (2016). *Testing universal Child Development Accounts: Financial impacts in a large social experiment*. (CSD Working Paper No. 16-08). St. Louis, MO: Washington University, Center for Social Development.

- Clancy, M. M., Lassar, T., & Taake, K. (2010, September). *Saving for college: A policy primer* (CSD Policy Brief No. 10–27). St. Louis, MO: Washington University, Center for Social Development.
- Clancy, M. M., & Sherraden, M. (2014). *Automatic deposits for all at birth: Maine's Harold Alfond College Challenge* (CSD Policy Report No. 14-05). St. Louis, MO: Washington University, Center for Social Development. Retrieved from <http://csd.wustl.edu/Publications/Documents/PR14-05.pdf>
- Clancy, M., Sherraden, M., & Beverly, S. (2015). *College savings plans: A platform for inclusive and progressive child development accounts* (CSD Policy Brief 15-07). St. Louis, MO: Washington University. Center for Social Development.
- Cramer, R. (2009). *The ASPIRE Act of 2009: Questions and answers*. Washington, DC: New America Foundation.
- Cramer, R., & Schreur, E. (2015). *Ensure every child has a lifelong savings account* (Paper in the series Pioneering Change: Innovative Ideas for Children and Families). Retrieved from: <https://firstfocus.org/wp-content/uploads/2015/04/Ensure-Every-Child-Has-a-Lifelong-Savings-Account.pdf>
- Elliott, W., III, & Beverly, S.G. (2011). Staying on course: The effects of savings and assets on the college progress of young adults. *American Journal of Education*, 117(3), 343–374. doi:10.1086/659211
- Grinstein-Weiss, M., Lee, J. S., Greeson, J., Han, C., Yeo, Y., & Irish, K. (2008). Fostering low-income homeownership: A longitudinal randomized experiment on Individual Development Accounts. *Housing Policy Debate*, 19(4), 711–739.
- Grinstein-Weiss, M., Sherraden, M., Gale, W. G., Rohe, W. M., Schreiner, M., & Key, C. (2013a). Long-term effects of Individual Development Accounts on postsecondary education: Follow-up evidence from a randomized experiment. *Economics of Education Review*, 33, 58–68. doi:10.1016/j.econedurev.2012.12.007
- Grinstein-Weiss, M., Sherraden, M., Gale, W. G., Rohe, W., Schreiner, M., & Key, C. (2013b). The ten-year impacts of Individual Development Accounts on homeownership: Evidence from a randomized experiment. *American Economic Journal: Economic Policy*, 5(1): 122–45. doi: 10.1257/pol.5.1.122.
- Grinstein-Weiss, M., Sherraden, M., Gale, W. G., Rohe, W., Schreiner, M., Key, C., & Oliphant, J. (2015). Effects of an Individual Development Account Program on retirement saving: Follow-up evidence from a randomized experiment. *Journal of Gerontological Social Work*. Advance online publication. doi:10.1080/01634372.2015.1052174

- Grinstein-Weiss, M., Sherraden, M., Rohe, W. M., Gale, W., Schreiner, M., & Key, C. (2012). *Long-term follow-up of Individual Development Accounts: Evidence from the ADD experiment*. Washington, DC: Brookings Institution, University of North Carolina at Chapel Hill and Washington University in St. Louis.
- Han, C., & Chia, A. (2012). A preliminary study on parents saving in Child Development Accounts in the Child Development Accounts in Singapore. *Children and Youth Services Review*, 34(9), 1583–1589
- Heckman, J. J., & Masterov, D. V. (2007). *The productivity argument for investing in young youth*. Cambridge, MA: National Bureau of Economic Research.
- Howard, C. (1997). *The hidden welfare state: Tax expenditures and social policy in the United States*. Princeton, NJ: Princeton University Press.
- Huang, J., Beverly, S., Clancy, M., Lassar, T., & Sherraden, M. (2013). Early program enrollment in a statewide Child Development Account Program. *Journal of Policy Practice*, 12(1), 62–81. doi:10.1080/15588742.2012.739124
- Huang, J., Sherraden, M., Kim, Y., & Clancy, M. M. (2014a). Effects of Child Development Accounts on early social-emotional development: An experimental test. *JAMA Pediatrics*, 168(3), 265–271. doi.org/10.1001/jamapediatrics.2013.4643
- Huang, J., Sherraden, M., & Purnell, J. (2014b). Impacts of Child Development Accounts on maternal depressive symptoms: Evidence from a randomized statewide policy experiment. *Social Science & Medicine*, 112, 30–38. doi:10.1016/j.socscimed.2014.04.023
- Kim, Y., Sherraden, M., Huang, J., & Clancy, M. M. (2015). Child Development Accounts and parental educational expectations for young children: Early evidence from a statewide social experiment. *Social Service Review*, 89(1), 99–137. doi:10.1086/680014
- Leckie, N., Hui, T. S.-W., Tattrie, D., Robson, J., & Voyer, J.-P. (2010). *Learning to save, saving to learn: learn\$ave Individual Development Accounts project; final report*. Ottawa, Canada: Social Research and Demonstration Corporation.
- Loke, V., & Sherraden, M. (2009). Building assets from birth: A global comparison of child development account policies. *International Journal of Social Welfare*, 18(2), 119–129.
- Midgley, J. (1999). Growth, redistribution, and welfare: Toward social investment. *Social Service Review*, 73(1), 3–21. doi:10.1086/515795
- Mills, G., Gale, W. G., Patterson, R., & Apostolov, E. (2006). *What do Individual Development Accounts do? Evidence from a controlled experiment* [Working paper]. Washington, DC: Brookings.

- Nam, Y., Kim, Y., Clancy, M. M., Zager, R., & Sherraden, M. (2013). Do Child Development Accounts promote account holding, saving, and asset accumulation for children's future? Evidence from a statewide randomized experiment. *Journal of Policy Analysis and Management*, 32(1), 6–33. doi:10.1002/pam.21652
- NYC.gov. (2016, November 22). *Mayor de Blasio, Commissioner Menin and newly created nonprofit "NYC Kids RISE" announce child savings account program to help public school students save for college*. Retrieved from <http://www1.nyc.gov/office-of-the-mayor/news/900-16/mayor-de-blasio-commissioner-menin-newly-created-non-profit-nyc-kids-rise-child>
- Office of Financial Empowerment, Treasurer, City of St. Louis. (n.d.). *College kids*. Retrieved from <https://www.stlofe.org/college-kids/>
- Organisation for Economic Co-operation and Development. (2003). *Asset building and the escape from poverty: A new welfare policy debate*. Retrieved from <http://www.oecd.org/cfe/leed/assetbuildingandtheescapefrom-povertyanewwelfarepolicydebate.htm>
- Paxton, W. (2001). The asset-effect: An overview. In J. Bynner & W. Paxton (Eds.), *The asset-effect* (pp. 1–16). London, England: Institute for Public Policy Research.
- Phillips, L., & Stuhldreher, A. (2011). *Kindergarten To College (K2C): A first-in-the-nation initiative to set all kindergartners on the path to college* (Asset Building Program Report). Washington, DC: New America Foundation.
- Piketty, T. (2014). *Capital in the twenty-first century*. Cambridge: Harvard University Press.
- Schreiner, M., & Sherraden, M. (2007). *Can the poor save? Saving and asset accumulation in Individual Development Accounts*. New Brunswick, NJ: Transaction.
- Sen, A. (1993). Capability and well-being. In M. Nussbaum & A. Sen (Eds.), *The quality of life* (pp. 30–53). Oxford: Clarendon Press.
- Shanks, T. R., Kim, Y., Loke, V., & Destin, M. (2010). Assets and child well-being in developed countries. *Children and Youth Services Review*, 32(11), 1488–1496. doi:10.1016/j.childyouth.2010.03.011
- Sherraden, M. (1991). *Assets and the poor: A new American welfare policy*. Armonk, NY: M. E. Sharpe.
- Sherraden, M. (1993). Can asset-based policy really help the poor? Yes. In H. J. Karger, J. Midgley, & C. R. Brown, *Controversial issues in social policy* (pp. 84–88). Boston, MA: Allyn and Bacon.
- Sherraden, M. (2003a). Assets and the social investment state. In W. Paxton (Ed.), *Equal shares? Building a progressive and coherent asset-based welfare policy* (pp. 28–41). London, England: Institute for Public Policy Research.

- Sherraden, M. (2003b). From social welfare state to social investment state. *Shelterforce: Journal of Affordable Housing and Community Building*, March/April, 16–18, 19, 29.
- Sherraden, M. (2014). Asset building research and policy: Pathways, progress, and potential of a social innovation. In R. Cramer & T. R. Williams Shanks (Eds.), *The assets perspective: The rise of asset building and its impact on social policy* (pp. 263–284). New York, NY: Palgrave Macmillan.
- Sherraden, M., Clancy, M. M., Nam, Y., Huang, J., Kim, Y., Beverly, S. G.,...& Purnell, J. Q. (2015). Universal accounts at birth: Building knowledge to inform policy. *Journal of the Society for Social Work and Research*, 6, 541–564. doi:10.1086/684139
- Sherraden, M., Nair, S., Vasoo, S., Liang, N., & Sherraden, M.S. (1995). Social policy based on assets: The impact of Singapore's Central Provident Fund. *Asian Journal of Political Science*, 3(2), 112–133.
- Sherraden, M., Page-Adams, D., & Johnson, L. (with Scanlon, E., Curley, J., Zhan, M., Bady, A., & Hinterlong, J.). (1999). *Downpayments on the American Dream Policy demonstration* (CSD Research Report No. 99–26). St. Louis, MO: Washington University, Center for Social Development.
- Sherraden, M., Sherraden, M. S., Moore, A. M., Johnson, E., Hanson, S., Ssewamala, F. M., & Shanks, T. (2005). *Saving in low-income households: Evidence from interviews with participants in the American Dream Demonstration*. Center for Social Development, Washington University.
- Sherraden, M. S. (2013). Building blocks of financial capability. In J. M. Birkenmaier, M. S. Sherraden, & J. C. Curley (Eds.), *Financial capability and asset building: Research, education, policy, and practice* (pp. 3–43). New York & Oxford: Oxford University Press.
- Sherraden, M. S., & Grinstein-Weiss, M. (2015). Creating financial capability in the next generation: An introduction to the special issue. *Journal of Consumer Affairs*, 49(1), 1–12.
- Sherraden, M. S., & McBride, A. M. (with Beverly, S. G.). (2010). *Striving to save: Creating policies for financial security of low-income households*. Ann Arbor: University of Michigan Press.
- U.S. Congress. USAccounts: Investing in America's Future Act of 2015, H.R. 4045, 114th Cong. (2015).
- Woo, B., Rademacher, I., & Meier, J. (2010). *Upside down: The \$400 billion federal asset-building budget*. Washington, DC: Corporation for Enterprise Development and Annie E. Casey Foundation.
- Zager, R., Kim, Y., Nam, Y., Clancy, M. M., & Sherraden, M. (2010). *The SEED for Oklahoma Kids experiment: Initial account opening and savings* (CSD Research Report No. 10-14). St. Louis, MO: Washington University, Center for Social Development.