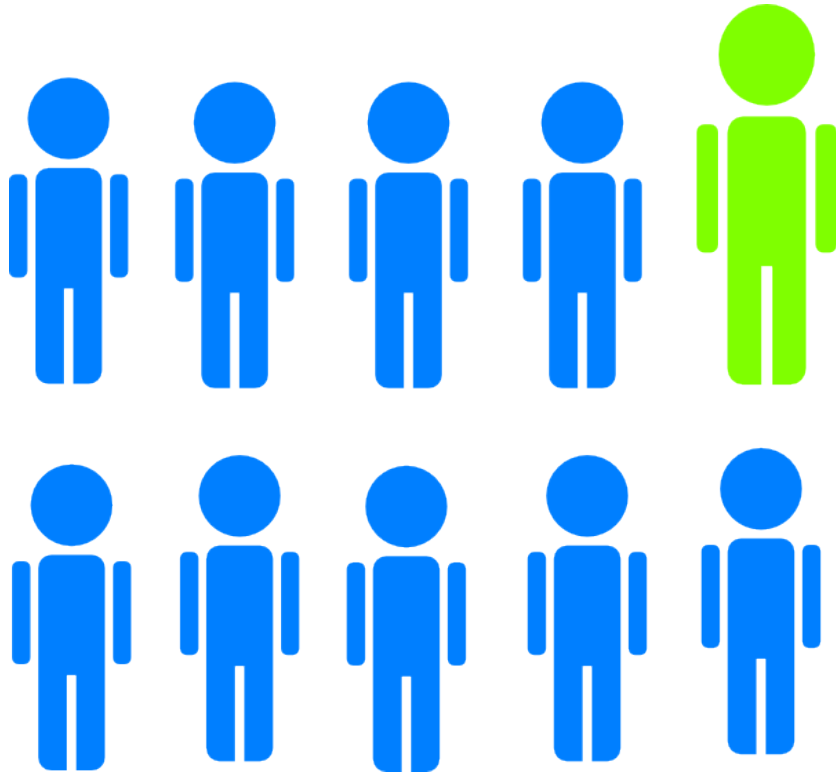


# Savings Barriers & Policy Solutions

## Illinois 529 Bright Start Program





**< 10%**

Of students from low-income families graduate from college by their mid-20s.

# Challenges:

- Skyrocketing Cost of College
- Financial Aid Doesn't Cut It
- Students are less likely to believe that college is realistic if it's not affordable
- Low-income families lack user friendly savings options

Children with a savings account in their name are **six times** more likely to attend college than those with no account.

DREAM  
BIG



What do  
Children's  
Savings  
Accounts  
Look Like?



Created at a  
critical point of  
development



Seeded with  
an Initial  
Deposit



# Match Savings Component





# Financial Education





Used for Education or Job Training

# IL CSA Task Force Recommendations



- **Account Type:** 529 College Savings Accounts
- **Universal:** Opened for every child in Illinois at birth
- **Public Investment:** Each account would receive an initial public investment
- **Progressive:** Match savings component for lower-income families
- **Financial Education Component**
- **Use:** Post-Secondary Education
- **Administration:** IL State Treasurer

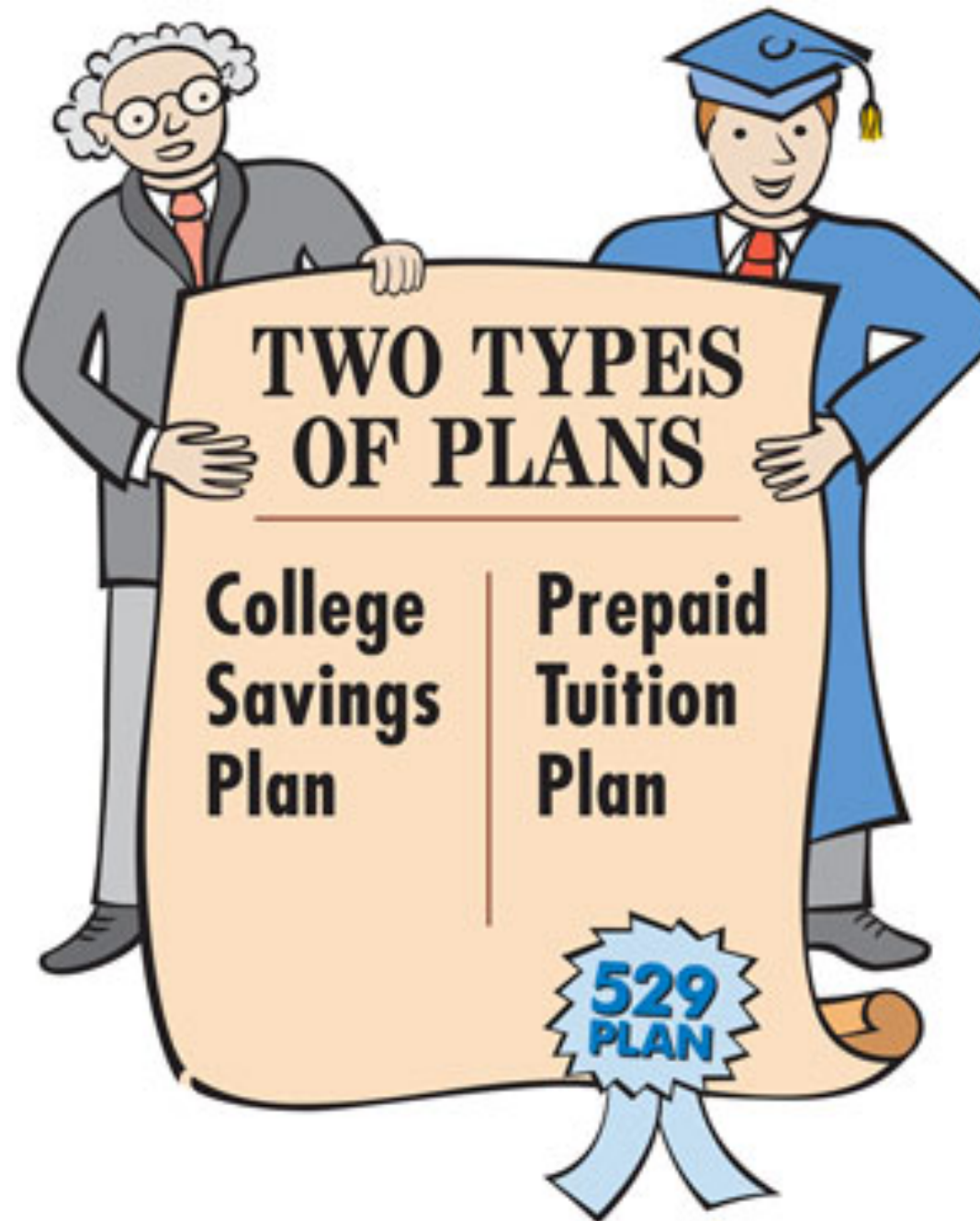




We Need  
to Fix the  
Plumbing!

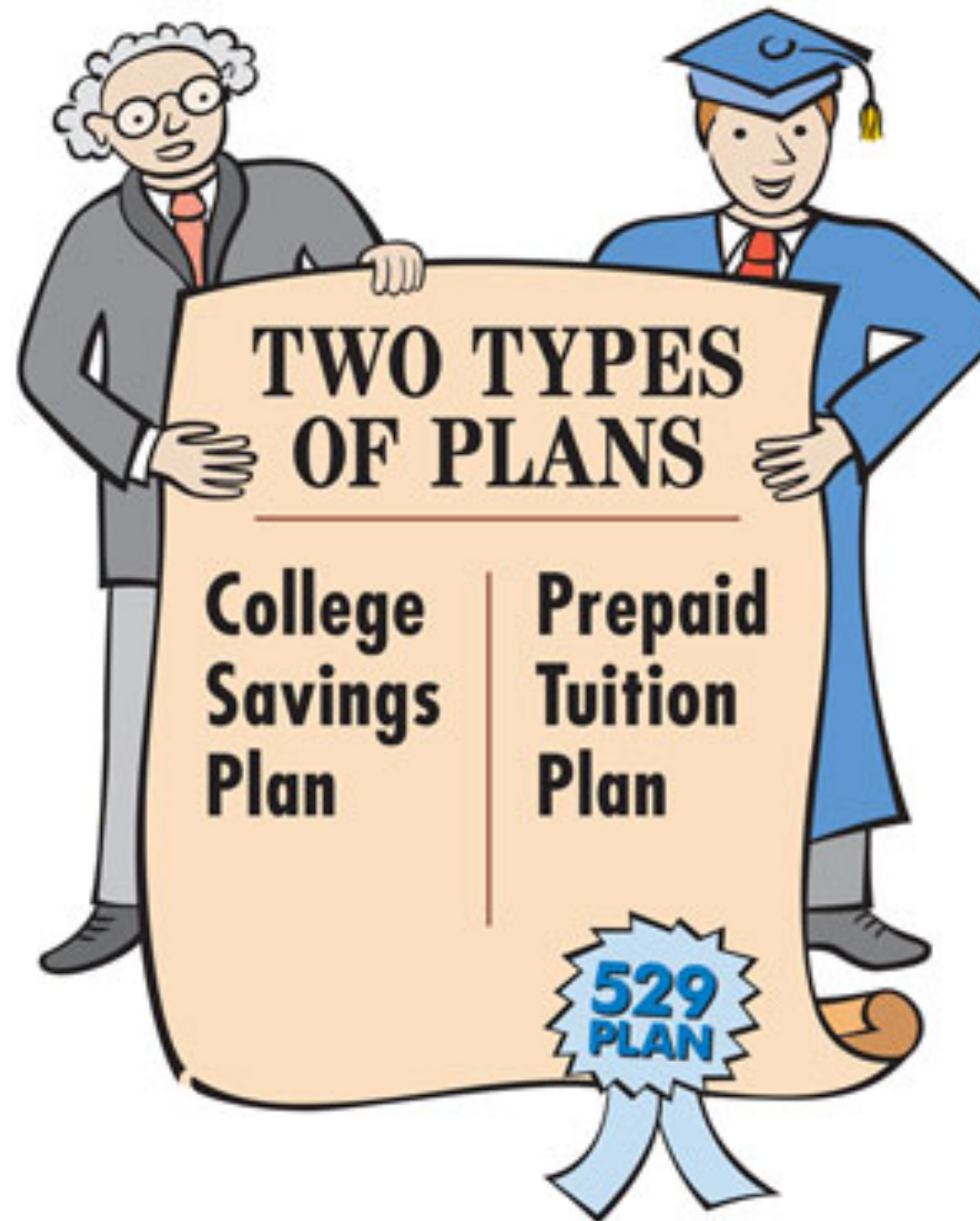


- 1. College Illinois – Prepaid Tuition Plan**
- 2. Bright Start – College Savings Plan**



**1. College  
Illinois –  
Prepaid  
Tuition Plan**

**2. Bright Start –  
College  
Savings Plan**





Let's Start  
with  
Successes!



1. State Treasurer is now collecting demographic data
2. Bright Start now accepts ITINs from parents opening an account
3. IABG created a CSA Working Group & began collecting stories





# Barriers for Low-Income Families



# Asset Limits

- Verification of assets: applicant asked to provide bank statement, vehicle title, insurance policy, etc.
- 5 states have eliminated asset limits on TANF
- Over the past three years in Illinois, no families were denied benefits because of assets and only 24 stopped receiving TANF because of excess assets.
- Removal of SNAP asset test has “greatly simplified the work for staff and reduced the amount of verifications the applicant is required to provide.”

**SAVINGS**

**LIMIT**

**\$2,000**

**ILLINOIS STATE LAW**

# Default Investment Type

Take 15 minutes to save for someone you love.

You'll be in, out and enrolled in a jiffy!

- ✓ [Get Started](#)
- ✓ [Account Owner](#)
- ✓ [Contributions](#)
- ✓ [Bank Account Info](#)
- ✓ [Investment Options](#)
- 6 [Online Access Setup](#)
- 7 [Verify & Confirm](#)
- 8 [Survey](#)
- ✓ [Congratulations!](#)

 [Program Description & Participation Agreement](#)

[Online Account Access Terms & Conditions](#)

## Step 6: Investment Options

Indicate as a percentage how you would like your contribution to be deposited across one of the Age Based Portfolios and/or Choice Based Portfolios. **Make sure your investment percentages add up to 100%.**

[Learn more about these investment options](#)

[View Returns](#) [View Prices](#)

### Age Based Portfolios [\(Get details\)](#)

Choose the active or index strategy. Then, based on your student's age, your portfolio will automatically shift from more aggressive to more conservative investments as the student approaches college age. <sup>1</sup>

#### Blended Age Based 18 Years Port

[View Portfolio Details](#)  %

#### Index Age Based 18 Years Portfolio

[View Portfolio Details](#)  %

### Choice Based Portfolios [\(Get details\)](#)

Choose your own mix of investments that best fit your needs and goals.

#### Blended Equity Portfolio

[View Portfolio Details](#)  %

#### Blended Balanced Portfolio

[View Portfolio Details](#)  %

#### Blended Fixed Income Portfolio

[View Portfolio Details](#)  %

#### Money Market Portfolio

[View Portfolio Details](#)  %

#### Index Equity Portfolio

[View Portfolio Details](#)  %

#### Index Balanced Portfolio

[View Portfolio Details](#)  %

#### Index Fixed Income Portfolio

[View Portfolio Details](#)  %

This total must equal 100% to continue. **Total**  %

If you want your future contributions to be invested differently than these selections, please call us at **1.877.432.7444**

# Default Investment Type

Research shows that when given more than 2-3 investment options, people are less likely to participate.



A default investment option would ideally be an age-based mutual fund.



# Match Savings

➤ A targeted matched savings component should be implemented to encourage savings among lower-income families



➤ Arkansas Example: The Aspiring Scholars Matching Grant matches annual 529 Plan contributions up to \$500 per calendar year for qualifying students



**OTHER IDEAS!**

**Invest via the Illinois Tax Form**

**Create a Refundable Tax Credit**

**Others?**

Join the Campaign

Sign Up at the  
IABG Info Desk



# Contact



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