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BE OUR GUEST By RAY BOSHARA and ANNE STUHLDTREHER

Invest \$500 in every N.Y. newborn

Next month, the Mayor's Commission on Economic Opportunity will release a strategy to reduce poverty in New York City. This is the second in an occasional series of outside-the-box recommendations to the group.

To his credit, Mayor Bloomberg challenged his anti-poverty commission to think boldly. Well, how's this: Every poor New Yorker should have the opportunity to build wealth.

Imagine your life without any assets — without a bank account, investments, savings, a home, an education, a nest egg for retirement or any money to pass on to future generations. Feels pretty insecure, doesn't it? Turns out that such "asset poverty" is higher in New York than in any other state in the nation.

Now imagine the lives of 1.7 million poor New Yorkers if they suddenly had the opportunity to build real wealth. Research shows that those with assets — even small amounts — are more likely to send their kids to college, take good care of their homes, be healthy and stay married.

New York City should be the first in the U.S. to set up an investment account for every newborn child. Automatically at birth, the city should create a "New York Kids Account" for each of the nearly 125,000 kids born in the five boroughs every year. The accounts should be seeded with \$500 for all kids and an additional \$500 for the 56% of them who are low-income.

After-tax contributions, up to \$1,000 a year, would be permitted. In fact, the accounts could serve as magnets for par-

ents, extended families, churches, corporations, foundations and others to contribute. Good behavior — such as good grades and community service — would be rewarded. Low-income kids also could have their savings matched, dollar for dollar.

New York's unparalleled financial sector could manage the accounts with modest or no fees, and New York City schools could offer financial education around the accounts, making financial education more meaningful than it has ever been.

Combining a modest amount of government seed money, \$20 a month in extra personal savings and the magic of compound interest, a low-income kid could accumulate \$21,000 by age 18. The funds could be used, then or down the road, for approved uses like higher education, investment, buying a first home, starting a business or (eventually) retirement.

At a price of about \$100 million a year, New York Kids Accounts wouldn't be cheap. But there's no inexpensive way to eradicate long-term poverty. In fact, Kids Accounts — now a reality for all newborns in the UK, under a program called the Child Trust Fund — should prove to be as cost-effective as any other proposed solution under the sun.

And if the commission ultimately yields more savers, investors, owners, entrepreneurs and taxpayers — and fewer residents depending on the city, state, charities and others for their livelihood and well-being — we will all be better off.

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**Investment
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