



Center for Social Development

GEORGE WARREN BROWN  
SCHOOL OF SOCIAL WORK



Washington University in St. Louis

# **College Savings Initiative: Research and Assessment**

Linking Savings to College Access,  
Affordability, and Completion Forum

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## Can Low-income Families Save for Education and Other Goals?

- Studies in the US and abroad show that although saving is not easy for low-income families, and they typically save small amounts, many are able to save more with well designed products and incentives.
- Emerging body of evidence that savings and household assets—even small amounts—are associated with positive differences in children's lives, and can have an impact on educational outlook and expectations.

*Destin & Oyserman (2008); Schreiner & Sherraden (2007); Sherraden (2009)*



## Assets and College Completion

- After controlling for family income and other characteristics, financial and nonfinancial assets are positively related to, and unsecured debt is negatively related to, children's college completion.
- There is evidence that financial assets are positively associated with the education expectations of parents and children.

*Zahn & Sherraden (2009)*



# Streamlined Enrollment: Alaska College Savings Plan

- Alaska 529 plan enrollment on application for Permanent Fund Dividend (1991)
- Eliminates requirement for separate 529 plan enrollment application
- Innovations to streamline enrollment:
  - check box to apply
  - implied consent to terms & conditions
  - shared information
  - automation and online capability

*Clancy, Lassar, & Miller (forthcoming)*



# Enrollment Steps to Open an Alaska College Savings Plan Account

| Typical Multi-Step Enrollment                                    | Permanent Fund Dividend (PFD) Streamlined Enrollment |
|--|--|
| ✓ Call, write, or go online (or apply online) for enrollment kit | ✓ Check box on Alaska PFD form                       |
| ✓ Select account type  | ✓ Sign or use eSignature on PFD application          |
| ✓ Complete information on account holder                         | ✓ Mail or submit online PFD application              |
| ✓ Complete information on beneficiary                            |  |
| ✓ Complete information on successor                              |  |
| ✓ Select investment(s)   |  |
| ✓ Select initial contribution method                             |  |
| ✓ Sign and agree to terms & conditions                           |  |
| ✓ Mail application or submit online                              |  |

*Clancy, Lassar, & Miller (forthcoming)*



# Automatic and Default Investments: Alaska College Savings Plan

- Automatic investment in ACT portfolio for Permanent Fund Dividend enrollees
- Other 529 plan enrollees are provided a number of investment choices
- Default into age-based portfolio (tied to beneficiary's college enrollment date), if Alaska 529 plan enrollee does not select an investment

*Clancy, Lassar, & Miller (forthcoming)*



## Future Policy Directions

- Simplified enrollment and default investments may increase 529 plan access for low- and middle-income families
- 529 plan simplified enrollment might be expanded to state tax forms
- Alaska and Utah currently offer a default investment to all 529 plan participants
- Federal guidelines might encourage more states to create a default

*Clancy, Lassar, & Miller (forthcoming); Huelsman & Clancy, (2009)*



## Resources

Clancy, Lassar, & Miller (forthcoming). *Streamlined 529 enrollment and default investment: Innovations in the University of Alaska college savings plan*

Sherraden, M. (2009). *Saving and educational attainment: The potential of College Savings Plans to increase educational success*

Zhan, M., & Sherraden, M. (2009). *Assets and liabilities, educational expectations, and children's college degree attainment*

<http://collegesavingsinitiative.org/>

<http://csd.wustl.edu/AssetBuilding/InclusivePolicy/Pages/home.aspx>



# Contact Information

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