

THE HILL

KIDS accounts: To nurture investors

By Sen. Rick Santorum (R-Pa.)

Since its inception, America has been the land of opportunity, with immigrants from all over the world coming to our nation, emboldened by the promise of a more prosperous future. America was built on the strength of this promise, yet today it still eludes so many of our citizens.

One-third of all Americans have no investments to speak of. The United States, the richest country in the world, has a household savings rate that lags far behind that of other industrial nations, constraining national economic growth and keeping many Americans from entering the economic mainstream.

Until this changes, many of our fellow citizens cannot improve their quality of life and cannot pursue the American dream. It is time that our society steps forward and creates an environment where all Americans have the opportunity and knowledge to ensure that they can achieve their dreams.

While many middle- and upper-income families have increased their assets in the past decade, many low-income families have not had the same financial success. The Federal Reserve recently produced a study stating that the median net worth of families in the bottom 20 percent of the nation's income level was a mere \$7,900 — an amount that is far too low to ensure a comfortable economic future.

To change this, America must become an ownership society where individuals in all economic stations have the opportunity to obtain assets, whether that be a home, savings account or investment portfolio. To this end, I have worked in a bipartisan fashion to



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Sen. Rick Santorum: America must become an ownership society.

introduce the America Saving for Personal Investment, Retirement and Education (ASPIRE) Act of 2005.

The ASPIRE Act, introduced with Sens. Jon Corzine (D-N.J.), Chuck Schumer (D-N.Y.) and Jim DeMint (R-S.C.), will create a Kids Investment and Development Savings (KIDS) account for every American child at birth, providing a new opportunity for the children of low-income Americans to build assets and wealth. By creating the account with an initial deposit of \$500 and allowing for additional, voluntary donations to grow tax-free, this program has two major benefits.

First, this bill will help give younger individuals, especially low-income Americans, a sound financial start to their adult lives. A low-income American family, making modest but steady contributions, can build up a KIDS account worth more than \$20,000 by the child's 18th birthday. This money can then be used for asset-building purposes such as education, homeownership and retirement planning.

Second, ownership of a KIDS account creates the opportunity for all Americans, young and old, to become more financially literate. In reality, this may be more important than the presence of the money itself.

Given the responsibility to make personal choices and oversee the growth of an account, both children and their families will learn the substantial benefits of investing. They will also learn the process of investing, gaining the skills necessary to reap its benefits. It is my hope that the experience gained in managing a KIDS account will act as a springboard, encouraging more saving and investment by low-income families in a variety of other arenas.

The government has long provided short-term assistance to those who require it. Does it not make sense to give young Americans the opportunity to have a head start in life, enabling them to have security in the long run? By making every young person an investor, KIDS accounts will expand opportunities, encourage self-reliance, promote savings and give every family a personal stake in America's economy.

This type of program, which embodies principles that both Democrats and Republicans stand behind, is long overdue. I commend Sens. Corzine, Schumer and DeMint for looking beyond partisan differences to join me in introducing this landmark legislation, and I encourage all of my Senate colleagues to follow our lead. Passing the ASPIRE Act is incredibly important to ensuring financial security for the most vulnerable among us and a prosperous future for all Americans.

Santorum is chairman of the Senate Republican Conference.