**Crowley, Ellison Introduce Legislation to Help Every American Child Start Financial Future on Right Foot**

*Bill Will Establish Child Savings Program as Part of Crowley’s Plan to Address Savings and Retirement Crisis*

(Washington, D.C.) –Today, Rep. Joe Crowley (D-Queens, the Bronx), Vice Chair of the Democratic Caucus, and Rep. Keith Ellison (D-MN) announced the introduction of legislation to help hard-working American families build savings for their future. The Crowley-Ellison legislation builds on their earlier efforts and will create a new savings program called USAccounts, a long-term savings account to help every American child start their financial future on the right foot. The bill also authorizes an expansion of the successful Child Tax Credit in order to give low-income families the opportunity to contribute to the savings account. The USAccounts bill is the first part of Crowley’s “[Building Better Savings, Building Brighter Futures](http://crowley.house.gov/sites/crowley.house.gov/files/Building%20Better%20Savings%2C%20Building%20Brighter%20Futures_0.pdf)” plan to address the savings and retirement crisis in America.

“We know Americans want to save, and they know they should save – but the reality is, for many families, putting aside money while meeting immediate needs isn’t just difficult, it’s impossible,” **said Rep. Crowley**. “Saving has to start on day one, and our legislation will give every American child the tools and knowledge they need to start their financial future on the right foot. USAccounts will help put the ability to save back in reach for millions of American families and their children.”

“With millions of hard working Americans finding it harder and harder just to get by, many struggle to put aside savings for themselves and their children. With USAccounts, we can help children do better in school, increase their likelihood to attend college and enable them to succeed in life. I applaud Mr. Crowley for taking the lead on comprehensive asset-building legislation to enable families the opportunity to build a nest egg,” **said Rep. Ellison**.

The Crowley-Ellison legislation directs the U.S. Department of the Treasury to create a new savings program called USAccounts. USAccounts will be funded through a combination of federal seed money, matching funds, and family contributions.

Upon the birth of a child, a USAccount will be established in the child’s name, and the federal government will contribute $500 in seed money the first year. The child’s family will be allowed to deposit up to $2,000 into the account annually. For families at the lowest income levels, these contributions will be matched dollar-for-dollar by the government up to $500 per USAccount, per year, directly into the child’s USAccount. In addition, to aid families who want to save, yet have trouble getting started putting money toward their child’s USAccount, the legislation includes another match through the Child Tax Credit. Families who are eligible for either the Child Tax Credit or the Additional Child Tax Credit and make a contribution to their child’s account will receive another matching amount, up to $500 annually per account, as an increase in their credit when they file their taxes the following year.

While USAccounts will be established through the Treasury Department, parents will have the option of keeping the account within the government or moving it to an approved financial services institution. Contributions in these accounts can later be withdrawn tax-free to fund higher education. Once the child is no longer a dependent, the funds will be rolled over to an IRA, providing an opportunity to continue to save for retirement, or to access funds penalty- and tax-free when needed to pay for medical expenses, buy a home, or start a small business.

Based on legislation first introduced by Crowley and Ellison in 2014, under this bill the funds in the account will invest in U.S. treasuries, ensuring a safe investment that won’t go down in value. Additionally, this legislation improves the Internal Revenue Service outreach on the Earned Income Tax Credit (EITC), by requiring the IRS, when processing tax returns, to determine which taxpayers are owed the EITC but are not claiming it. The IRS would process the EITC on the family’s behalf and then deposit these earned funds into the child’s USAccount.

The bill is supported by the Asset Building Program, New America and Corporation for Enterprise Development (CFED).

Announced in April, Crowley’s “Building Better Savings, Building Brighter Futures” plan will make Americans more financially secure throughout their lifetimes by creating new financial options that encourage personal saving, expanding employer-provided retirement plans, and strengthening Social Security. Crowley released a detailed blueprint for the plan, which can be found [here](http://crowley.house.gov/sites/crowley.house.gov/files/Building%20Better%20Savings%2C%20Building%20Brighter%20Futures_0.pdf).