
A BILL FOR AN ACT

RELATING TO UNIVERSAL CHILDREN'S SAVINGS ACCOUNTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that universal children's
2 savings accounts would help families to start saving at birth
3 for their child's future. A savings account would provide a
4 significant foundation for every child in Hawaii, particularly
5 those with no other assets. It would also provide a vehicle for
6 savings and a tool for children and parents to learn the value
7 of saving and investment.

8 The legislature also finds that thirty-four per cent of
9 Hawaii's middle class families, those earning \$44,801 to
10 \$68,800, are asset poor. A household is asset poor if it lacks
11 the resources to subsist at the poverty level for three months
12 if it loses its source of income.

13 According to a study conducted by the Center for Social
14 Development at Washington University in St. Louis, students with
15 savings are significantly more likely to pursue a higher
16 education. When savings were taken into account, academic
17 achievement was no longer a significant predictor of college
18 attendance. Additionally, among youth who were expected to



1 graduate from a four-year college, those with a savings account
2 in their name were approximately six times more likely to attend
3 college than those with no savings account.

4 The purpose of this Act is to establish a universal
5 children's savings account program for children who were born in
6 Hawaii or reside in Hawaii.

7 SECTION 2. The Hawaii Revised Statutes is amended by
8 adding a new chapter to be appropriately designated and to read
9 as follows:

10 "CHAPTER

11 UNIVERSAL CHILDREN'S SAVINGS ACCOUNT PROGRAM

12 § -1 Universal children's savings account program.

13 There is established the universal children's savings account
14 program within the department of budget and finance. The
15 purpose of the program is to enable families to establish a
16 savings account for their children. The program shall:

- 17 (1) Encourage children who were born in Hawaii or reside
18 in Hawaii to save money; and
- 19 (2) Promote and educate eligible children and their
20 families on the importance of developing a savings
21 account.



1 **§ -2 Rules.** The department of budget and finance, in
2 consultation with members of the Hawaii state asset building and
3 financial education task force, shall adopt rules, pursuant to
4 chapter 91, necessary to effectuate this chapter, including but
5 not limited to rules establishing:

6 (1) Eligibility requirements for participation in the
7 program;

8 (2) The minimum amount of state matching funds to deposit
9 into each qualifying account when establishing each
10 individual account in the universal children's savings
11 account trust fund;

12 (3) Appropriate uses for the funds provided through the
13 program; and

14 (4) Procedures and criteria for accessing funds from an
15 established savings account.

16 **§ -3 Universal children's savings account trust fund.**

17 (a) There is established the universal children's savings
18 account trust fund. The director of finance shall have custody
19 of the fund. All payments from the fund shall be made in
20 accordance with this chapter.

21 (b) The fund shall consist of a trust account and an
22 operating account. The trust account shall include amounts



1 received by the universal children's savings account program
2 pursuant to savings agreements, administrative charges, fees,
3 and all other amounts received by the program from other
4 sources, and interest and investment income earned by the fund.
5 The director of finance, from time to time, shall make transfers
6 from the trust account to the operating account for the
7 immediate payment of obligations under savings agreements,
8 operating expenses, and administrative costs of the universal
9 children's savings account program.

10 (c) The director of finance, as trustee, shall invest the
11 assets of the fund in securities that constitute legal
12 investments under state laws relating to the investment of trust
13 fund assets by trust companies, including those authorized by
14 article 8 of chapter 412. Trust fund assets shall be kept
15 separate and shall not be commingled with other assets, except
16 as provided in this chapter. The director of finance may enter
17 into contracts to provide for investment advice and management,
18 custodial services, and other professional services for the
19 administration and investment of the program.

20 (d) The director of finance shall provide for the
21 administration of the fund, including maintaining participant
22 records and accounts, and providing annual audited reports. The



1 director of finance may enter into contracts for administrative
2 services, including reports.

3 (e) All administrative fees, costs, and expenses,
4 including investment fees and expenses, shall be paid from the
5 operating account of the fund and, notwithstanding any other law
6 to the contrary, may be made without appropriation or
7 allotment."

8 SECTION 3. There is appropriated out of the general
9 revenues of the State of Hawaii the sum of \$ or so much
10 thereof as may be necessary for fiscal year 2012-2013 to be
11 deposited into the universal children's savings account trust
12 fund.

13 The sum appropriated shall be expended by the department of
14 budget and finance for the purposes of this Act.

15 SECTION 4. This Act shall take effect on July 2, 2050.



Report Title:

Universal Children's Savings Account; Appropriation

Description:

Creates a Universal Children's Savings Account Program under the Department of Budget and Finance. Establishes the Universal Children's Savings Account Trust Fund. Effective July 2, 2050.
(SB2592 HD1)

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