
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 start saving at birth for
3 their child's future. A universal children's savings account
4 program would provide a significant foundation for every child
5 in Hawaii, particularly those with no other assets. It would
6 also provide a vehicle for savings and a tool for children and
7 parents to learn the value 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 higher
16 education. In addition, the national policy organization
17 Corporation for Enterprise Development has found that children's
18 savings accounts increase expectations for the future, provide



1 children and families opportunities for economic mobility, and
2 allow for the building of meaningful savings while learning
3 about money and finance. Educating and encouraging families to
4 create savings accounts for children contribute to the economic
5 viability of Hawaii's citizens.

6 The purpose of this Act is to establish a universal
7 children's savings account program for children who were born in
8 Hawaii or reside in Hawaii to assist them with purchasing a home
9 or starting a business.

10 SECTION 2. The Hawaii Revised Statutes is amended by
11 adding a new chapter to be appropriately designated and to read
12 as follows:

13 "CHAPTER

14 UNIVERSAL CHILDREN'S SAVINGS ACCOUNT PROGRAM

15 § -1 Universal children's savings account program.

16 There is established the universal children's savings account
17 program within the department of budget and finance. The
18 purpose of the program is to enable families to establish a
19 savings account for their children, which will assist children
20 with purchasing a home or starting a business. The program
21 shall:



1 (1) Encourage children who were born in Hawaii or reside
2 in Hawaii to save money; and

3 (2) Promote and educate eligible children and their
4 families on the importance of developing a savings
5 account.

6 § -2 Rules. The department of budget and finance, in
7 consultation with members of the Hawaii state asset building and
8 financial education task force, shall adopt rules, pursuant to
9 chapter 91, necessary to effectuate this chapter, including but
10 not limited to rules establishing:

11 (1) Eligibility requirements for participation in the
12 program;

13 (2) The minimum amount of state matching funds to deposit
14 into each qualifying account when establishing each
15 individual account in the universal children's savings
16 account trust fund;

17 (3) Appropriate uses for the funds provided through the
18 program; and

19 (4) Procedures and criteria for accessing funds from an
20 established savings account, including the ability to
21 access funds upon the recipient reaching eighteen
22 years of age.



1 **§ -3 Universal children's savings account trust fund.**

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

6 (b) The fund shall consist of a trust account and an
7 operating account. The trust account shall consist of:

- 8 (1) Amounts received by the universal children's savings
9 account program pursuant to savings agreements,
10 administrative charges, or fees;
- 11 (2) All appropriations made by the legislature to the
12 fund;
- 13 (3) All other amounts received by the program from any
14 other source; and
- 15 (4) Interest and investment income earned by the fund.

16 The director of finance, from time to time, shall make
17 transfers from the trust account to the operating account for
18 the immediate payment of obligations under savings agreements,
19 operating expenses, and administrative costs of the universal
20 children's savings account program.

21 (c) The director of finance, as trustee, shall invest the
22 assets of the fund in securities that constitute legal



1 investments under state laws relating to the investment of trust
2 fund assets by trust companies, including those authorized by
3 article 8 of chapter 412. Trust fund assets shall be kept
4 separate and shall not be commingled with other assets, except
5 as provided in this chapter. The director of finance may enter
6 into contracts to provide for investment advice and management,
7 custodial services, and other professional services for the
8 administration and investment of the program.

9 (d) The director of finance shall provide for the
10 administration of the fund, including maintaining participant
11 records and accounts, and providing annual audited reports. The
12 director of finance may enter into contracts for administrative
13 services, including reports.

14 (e) All administrative fees, costs, and expenses,
15 including investment fees and expenses, shall be paid from the
16 operating account of the fund and, notwithstanding any other law
17 to the contrary, may be made without appropriation or
18 allotment."

19 SECTION 3. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$ or so
21 much thereof as may be necessary for fiscal year 2014-2015 to be



1 deposited into the universal children's savings account trust
2 fund.

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

5 SECTION 4. This Act shall take effect on July 1, 2080.



Report Title:

Universal Children's Savings Account; Appropriation

Description:

Creates a universal children's savings account program to promote financial education and assist children with purchasing a home or starting a business later in life. Establishes and appropriates funds into the universal children's savings account trust fund. Effective July 1, 2080. (SB2545 HD1)

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