
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 and investment accounts, which facilitate the
3 compounding of interest and growth of investments, would help
4 families to start saving at birth for their child's future. A
5 universal children's savings and investment program would
6 provide a significant foundation for every child in Hawaii,
7 particularly those with no other assets. It would also provide
8 a vehicle for savings, and serve as a tool for children and
9 parents to learn the value of saving and investment.

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

15 According to a study conducted by the Center for Social
16 Development at Washington University in St. Louis, students with
17 savings are significantly more likely to pursue a higher
18 education. In addition, the national policy organization,



1 Corporation for Enterprise Development, has found that
 2 children's savings accounts increase expectations for the
 3 future, provide children and families opportunities for economic
 4 mobility, serve as an educational tool in regard to learning
 5 about investing, and allow for the building of meaningful
 6 savings while learning about money and finance. Educating and
 7 encouraging families to create savings accounts, which may
 8 include a diverse investment portfolio of stocks, bond, or
 9 mutual funds for children accordingly contribute to the economic
 10 viability of Hawaii's citizens.

11 The purpose of this Act is to establish a universal
 12 children's savings and investment account program that allows
 13 funds to be invested for children, at birth, who are born in
 14 Hawaii or reside in Hawaii to assist them with a positive
 15 financial foundation in adulthood, including but not limited to
 16 purchasing a home, starting a business, or obtaining higher
 17 education.

18 SECTION 2. The Hawaii Revised Statutes is amended by
 19 adding a new chapter to be appropriately designated and to read
 20 as follows:

21 "CHAPTER



1 UNIVERSAL CHILDREN'S SAVINGS AND INVESTMENT ACCOUNT PROGRAM

2 § -1 Universal children's savings and investment account
3 program. There is established the universal children's savings
4 and investment account program within the department of budget
5 and finance. The purpose of the program is to enable families
6 to establish an account for their children that can accumulate
7 savings and interest and dividends from various diversified
8 investments, which will assist children with a positive
9 financial foundation in adulthood, including but not limited to
10 purchasing a home, starting a business, or obtaining higher
11 education. The program shall:

- 12 (1) Encourage children who were born in Hawaii or reside
13 in Hawaii to save money; and
- 14 (2) Promote and educate eligible children and their
15 families on the importance of developing an investment
16 strategy.

17 § -2 Rules. The department of budget and finance shall
18 adopt rules, pursuant to chapter 91, and in consultation with
19 the final report adopted by the Hawaii state asset building and
20 financial education task force in January 2010. The rules to be
21 adopted shall include but not be limited to establishing:



- 1 (1) Eligibility requirements for participation in the
- 2 program;
- 3 (2) Appropriate uses for the funds provided through the
- 4 program and appropriate types of investment portfolios
- 5 used by the program; and
- 6 (3) Procedures and criteria for depositing funds into the
- 7 investment fund and accessing funds from an
- 8 established savings and investment account, including
- 9 the ability to access funds upon the recipient
- 10 reaching eighteen years of age.

11 § -3 Universal children's savings and investment trust

12 fund. (a) There is established the universal children's

13 savings and investment trust fund. The director of finance

14 shall have custody of the trust fund. All payments from the

15 trust fund shall be made in accordance with this chapter.

16 (b) The trust fund shall consist of a trust account and an

17 operating account. The trust account shall consist of:

- 18 (1) Amounts received by the universal children's savings
- 19 and investment program pursuant to savings agreements,
- 20 administrative charges, or fees;



- 1 (2) All appropriations made by the legislature to the
- 2 fund;
- 3 (3) All other amounts received by the program from any
- 4 other source; and
- 5 (4) Interest and investment income earned by the fund.

6 The director of finance, from time to time, shall make

7 transfers from the trust account to the operating account for

8 the immediate payment of obligations under savings and

9 investment agreements, operating expenses, and administrative

10 costs of the universal children's savings and investment

11 program.

12 (c) The director of finance, as trustee, shall invest the

13 assets of the fund in securities that constitute legal

14 investments under state laws relating to the investment of trust

15 fund assets by trust companies, including those authorized by

16 article 8 of chapter 412. Trust fund assets shall be kept

17 separate and shall not be commingled with other assets, except

18 as provided in this chapter. The director of finance may enter

19 into contracts to provide for investment advice and management,

20 custodial services, and other professional services for the

21 administration and investment of the program.



1 (d) The director of finance shall provide for the
2 administration of the fund, including maintaining participant
3 records and accounts, and providing annual audited reports. The
4 director of finance may enter into contracts for administrative
5 services, including reports.

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

11 SECTION 3. The department of budget and finance shall
12 include in its next biennium budget request an appropriation for
13 the amount necessary to administer the universal children's
14 savings and investment account program.

15 SECTION 4. This Act shall take effect on July 1, 2017.

16



Report Title:

Universal Children's Savings Account; Investments

Description:

Creates a universal children's savings and investment account program in the department of budget and finance to promote financial education, investment, and savings to assist children with a positive financial foundation in adulthood, including but not limited to purchasing a home, starting a business, or obtaining higher education. Establishes the universal children's savings and investment account trust fund. Effective 7/1/2017. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

