



Assets and Outcomes

Evidence that individuals who own assets, compared with those who do not, have:

- Better health
- Lower mortality
- Higher marital stability
- Less domestic violence
- Better educational outcomes for children
- Higher savings

Assets and Youth

Asset holding at 23 has strong links with:

- Time spent in full time employment between 22-33 for men and women
- Earnings at age 33 for men
- Health of men and women at 33

Links remain even when income, class and personality type controlled for.

Capital grant schemes

Tom Paine: £15 for every 21 year old paid from inheritance tax

Le Grand and Nissan: £10,000 at 18, funded by inheritance tax

Institute for Public Policy Research: £1000 grant at birth funded from general taxation

Ackerman and Alstott: \$80,000 at age 21 funded from wealth tax

Italy, Hungary, France, Canada, Iran all considering/have introduced schemes

UK Child Trust Fund

UK CHILD TRUST FUND

- Every child born in UK received a grant of 375 euro (equivalent) to set up a trust fund account.
- Children from poor families received 750 euro.
- Parents, grandparents, friends and children could save up to 150 euro a month into account. Income from account tax free.
- Government paid in a further 375 euro at age 7 (750 euro for poor families).

CHILD TRUST FUND

- Money could be invested in savings accounts, or shares. Could choose from funds offered by 40+ financial institutions. Government would invest it if parents didn't take it up.
- Account available for use when child reaches 18. No restrictions on use.
- Financial help and education available

CTF: A (broad) success story

- 74 per cent of parents of eligible children opened a Child Trust Fund. Compares favourably with other financial products (e.g. pensions).
- By 2010 Government had issued over five million CTF vouchers and the amount held in those accounts exceeded £3billion.
- One third of all accounts entitled to extra government contributions, (low-income families, or families identified with needs

Childrens' Mutual Survey

- **To what extent do you agree with the statement 'The Child Trust Fund has encouraged me to start saving for my child's future?'**
- Of those who expressed an opinion: 86% of ABC1 and 94% of C2DE agreed or strongly agreed with the statement.
- **To what extent do you agree with the statement 'The Government should scrap the Child Trust Fund**

Views of Parents in Deprived Areas

- Approved of the policy
- Preferred it to be spent on CTF than on education or child benefit
- Supported the fact that it was 'locked away'
- Supported its universalism. Didn't like the means-tested addition (even the poor)
- Encouraged them and others to save
- Mixed views about restrictions on use

Reasons for failure

- Proximate reason: cutting deficit.
- Lack of party support. Conservatives mildly supportive (though some didn't like universality). Lib Dems opposed (mysteriously).
- Lack of lobbyist support. Poverty groups not engaged.
- Lack of strong support among electorate. Support wide, but not deep. No immediate or obvious losers from cutting

Lessons

- Frame argument for assets in terms of market failure, not wealth redistribution
- Convince 'losers'
- Link policies: e.g. inheritance tax and CTF, tuition fees, pensions, social care
- Tell stories, not statistics