

As asset funders, we know that wealth building takes time, and it needs to start early.

That’s why we continue to pay close attention to proposals—and confusion—about child-focused savings and asset creation tools. While often discussed interchangeably, today’s child-focused accounts differ significantly in their goals, funding, eligibility criteria, and usage.

From 529 Plans to Baby Bonds to 530A (Trump) accounts, these instruments vary in structure, goals, and equity outcomes. For funders focused on education, health, economic security, economic justice, and/or asset building, understanding these differences is essential. It helps clarify where to engage, invest, and advocate for targeted, effective, equitable instruments that advance economic mobility for low- to moderate-income households.

At A Glance: Comparison of Child-Focused Savings Accounts

	529 Plans	Child Savings Accounts (CSA)	Baby Bonds	530A (Trump) Accounts
What’s the purpose?	Post-secondary or eligible education	<ul style="list-style-type: none"> aspiration/college bound identity jumpstart savings for post-secondary education 	Equitable wealth-building endowment: <ul style="list-style-type: none"> post-secondary education small business homeownership retirement 	Stock and capital markets for: <ul style="list-style-type: none"> post-secondary education small business homeownership retirement
Who is eligible?	Anyone can opt in	Targeted, opt-in, or auto-enroll (typically child at birth, on entry to kindergarten, or some other group defining eligibility)	Targeted universal Auto-enroll for Medicaid births	Restricted universal at birth (child is U.S. citizen born between 2025-2028 with a Social Security number upon completing tax return application)
What is the typical initial deposit?	Varies by family ability to save	Less than \$100	\$3,000 or more	\$1,000 to be invested in managed funds
Who owns/controls the account?	Individual or family	Held in trust by public manager	Held in trust by State Treasurer, paid to 3rd parties	Individual. Restricted to third-party managed stock funds; at 18, becomes a traditional IRA.
Is there a guaranteed public investment?	No. Accounts offer tax advantages but require family contributions; no guaranteed deposit.	Varies. Based on seeding from state, municipalities, or philanthropy.	Yes. State-funded with automatic contributions at birth (where enacted).	Yes. \$1,000 for children born between 2025-2028. No. For other children who can open an account.

Understanding Distinctions, Informing Actions

The idea of investing in lower-income families by building an early asset to improve long-term outcomes began with **Child Development Accounts (CDAs)**, notably the SEED for Oklahoma Kids (OK SEED) demonstration. Launched in the early 2000s with support from the Ford, Mott, and Lumina foundations, OK SEED tested automatic 529 accounts—held in trust by the state Treasurer—with a \$1,000 public investment for infants in low-income households and the potential for future contributions. The goal was to study how early assets shape expectations and outcomes over time. This approach has since generated over 20 years of research, showing positive impacts on health, aspirations, education, economic stability, and college attendance.

Today, many of the design features we see today in Child Savings Accounts (CSAs), Baby Bonds, and 530A (Trump) accounts build on this foundation. In several states, a single child could be eligible for more than two of these tools. While they aren’t mutually exclusive, the differences in ownership, restrictions, scale, equitable purpose, and public investment matter. By clarifying these distinctions, AFN hopes funders can identify the most effective ways to support implementation, advance equity, and align savings interventions with broader asset-building goals.

Where Philanthropy Can Lead

Philanthropy can play a catalytic role in scaling what works, shaping equitable implementation, and ensuring that all individuals have the resources and infrastructure they need to build wealth across generations.

Here are ways philanthropy can strengthen each tool's design, delivery, and impact:

529 Plans

- Fund match programs to boost participation among low-income families
- Underwrite financial education and engagement campaigns
- Advocate for state-level reforms to reduce barriers and expand accessibility

Child Savings Accounts (CSAs)

- Seed accounts and co-fund public initiatives
- Invest in infrastructure for administration and auto-enrollment
- Support linked family accounts and outreach strategies
- Advocate for statewide adoption and automatic enrollment (e.g. PA, IL)
- Support and fund multiple deposit streams

Baby Bonds

- Advocate for statewide, publicly funded adoption (following CT, RI, VT)
- Fund pilot programs and demonstration models
- Support research, messaging, and public education
- Invest in implementation infrastructure and state-level policy development
- Support consumer protections

530A (Trump) Accounts

- Monitor for equity risks in implementation
- Advocate for enrollment at birth with SSN issuance, not thru tax return option
- Advocate for continuation past 2028 and potential to invest in less risky accounts
- Push for tax-exempt growth and exemption of asset from public benefits
- Shape local or state policy responses based on community impact

These tools are not mutually exclusive. The most effective approach may be to help families understand and align multiple instruments to serve different stages of a child's development.

Philanthropy plays a vital role in shaping narratives about the value of these tools, helping ensure they are inclusive, effective, and equitably deployed to support household financial stability and wealth building, especially for low- and middle-income families. As these programs are sometimes met with skepticism, philanthropy can also help support trusted messengers through their grantees and build institutional trust.

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	529 Plans	Child Savings Accounts (CSA)	Baby Bonds	530A (Trump) Accounts
Can families contribute additional funds?	 Yes, varies by state	 Parallel/Linked accounts		 Up to \$5,000 per year
Is financial education required?				
Does the account grow tax free?				 Capital gains if for education; income tax on withdrawals depending on use
Does the account protect students' financial aid eligibility?				
Does the account protect public benefit eligibility?	 Unless held in trust account			 Depends on federal law

Additional AFN Resources

- **Baby Bonds**
 - **Cradle to Capital: How Philanthropy Can Invest in Baby Bonds:** <https://assetfunders.org/resource/from-cradle-to-capital-a-case-for-philanthropy-to-invest-in-baby-bonds/>
 - **Innovations in Baby Bonds:** <https://assetfunders.org/blog/january-2025-short-take/>
 - **Making Baby Bonds Work:** <https://assetfunders.org/blog/making-baby-bonds-work-how-philanthropy-can-support-public-implementation/>
- **Children's Savings Accounts**
 - <https://assetfunders.org/wp-content/uploads/AFN-CSA-Primer-2019.pdf>
 - https://assetfunders.org/wp-content/uploads/AFN_2022_Childrens-Savings-Accounts-Brief.pdf